Eating For Victory—Report on Food Companies (p. 17-25)

THE FINANCIAL POST

The Canadian Newspaper for Businessmen and Investors

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The Nation's Business

Profit Insignificant Against Economies

The conference of 1,500 war industry chiefs in Toronto last weekend was one of the most significant events in Canada's arms production effort.

Far more forcibly than any other way, this great throng, the brains of our industrial front, got the true measure and importance of the work they are doing; got the evidence of the extreme urgency of applying every atom of efficiency and economy in their operations.

Seeing and hearing how some war manufacturers had saved crucial man-hours and scarce war materials to the extent of over $155 millions and that so far "only the surface has been scratched," aroused natural competitive instincts; appealed to pride of workmanship, ingenuity and leadership.

Canadian war industry saw at this conference that it has the backing of Munitions and Supply in harnessing all its skill; in using all its ingenuity to turn out war weapons in faster, better, cheaper ways.

It was encouraged to batter down the doors of tradition and red-tapism in the drive for greater, more economical output.

Canada's industrial war effort will benefit greatly. War industry leaders undoubtedly went away feeling they were members of a winning team; not just solo performers.

Above all, the conference demonstrated that giving science and productive skill free play and encouragement; that putting up the task to individual enterprisers rather than to bureaucrats, is the way to get results and the way to get tremendous supplies of war materials at decreasing and at minimum cost to the Canadian people.

On display at the conference were some savings effected by a few Canadian war plants. Those few savings alone were equal to just about half the $312 millions of dividends paid by all kinds of Canadian companies last year. Profits of war companies—most of which go back to the government anyway—are picayune in comparison with the savings which free Canadian enterprise is giving the Canadian people.

* * *

POSTWAR PROBLEMS ARE RIGHT HERE

While he is thinking about the kind of postwar world he is going to live in, the worker, the farmer, the businessman ought to be doing his own postwar planning. While he is making his war contribution, each ought to be fitting himself to do a more skillful, more efficient job in his own field after the war.

Postwar planning is not a thing of tomorrow; it is a thing of today. We are right now up against these problems and we know what many of them are.

Wellington Jeffers in the Globe and Mail, Toronto, recently put it well when he said:

"The real makers of postwar Canada are now hard at work in factory, foundry, forge, farm, forest, mine and shipyards, but they will work harder still, with more steadfast purpose than hitherto, if most Canadians understood that they are building every day, not only for victory in war, but for victory in peace. However useful and helpful may be the efforts of postwar planning committees, their work would be largely barren if draughtsmen, rivetters, welders and molders were not draughting, rivetting, welding and molding their own futures as well as taking a part in the defeat of the Hun.

"Too many people talk as though this period and its tasks are abnormal. They are normal for the time, and every working Canadian should realize that this is a time of great opportunity for him, that he can now acquire aptitude and training which will stand him well in days to come. The 'knowing' ones who idle and dodge the tasks put before them in the belief that there are lots of jobs to go around, are digging pits for themselves to fall into later."

Current is much callow and unrealistic chatter about schemes for new conditions of life and of business after the war.

Some of the changes are, of course, necessary and desirable. There are always things which need changing as society develops, as man's experience teaches him better ways of doing things.

But the most important piece of postwar planning is that which is done by the individual and which is done today. It is what is done right now to put the individual life and the individual business on a sound basis; to get the right workers at the right jobs, rich in skill and craftsmanship; to get competent department heads who know their field, and who know how to lead.

Labor and management that devotes itself today to becoming wiser and more expert will be making the biggest possible contribution to the postwar world.

* * *

THE WAY OF BUREAUCRACY

One of the best commentaries ever penned on the inefficiency of bureaucracy is the report of actual experiences suffered by Howard K. Smith, in his book "Last Train from Berlin." An American newspaperman, Smith worked in Berlin during the early years of the war and left it on the last train for Americans, Dec. 7, 1941. Here are a few sentences from his book showing what happens to bureaucracy and to bureaucrats:

"My charwoman's sister disappeared once. Together my charwoman and I tried every police and Gestapo agency in town to find out about her, but nobody knew anything, or what to do to find out anything. Thirteen months later, it was discovered she was killed in a motor car accident in central Berlin and the record of it had simply got stalled in the bureau drawer of some little official who didn't know which of 11 different departments he should have passed it on to. He tried three of six possible departments, but they didn't know what to do with it.

"Nobody knows who is responsible for anything. When I complained to the Propaganda Ministry about being refused trips to the war front, I was told the Ministry had nothing to do with the matter, that I should see the radio people. I went to the radio people, who were not responsible for such matters and who sent me to the censors. The Foreign Office censor knew nothing about it and told me to see the High Command censor, who told me to see the Propaganda Ministry censor, who told me to go back to the Propaganda Ministry itself and complain there.

"Ultimately, Dr. Froelich, in the Ministry, showed an uncommon sense of the state of affairs and shrugged his shoulders and told me neither he nor anybody else had the slightest idea who the responsible official was or which the responsible department. . . .

"For a land ridden by laws, Germany has become the most lawless land on earth. Law means nothing; the password today is Bezhiehungen, which means good relations with a party big shot, influence, pull, jerk. . . . If you have no pull you can get no goods or service, no matter how strong the law is on your side. If you have got Bezhiehungen, you can get anything."

Though that is a picture of Nazi Germany, don't dismiss it as something that can't happen here. For the overwhelming inefficiency of bureaucracy lies within itself, not in a people or a nation.

In our midst are some who want to revolutionize the Canadian way of life and of work. They would do so by imposing socialism or some other form of totalitarianism which results inevitably in bureaucracy.

Let them ponder the facts of bureaucracy cited above.

Steel Supply Seen Secure To Year End

Canadian War Industry to Get Equal Treatment From U. S. Priority Controls

By STAFF WRITER

OTTAWA.—Although officialdom is silent, it is reported here on excellent authority that Canada's steel requirements for the last quarter of 1943 have been generously reconsidered by U. S. procurement and allocation authorities.

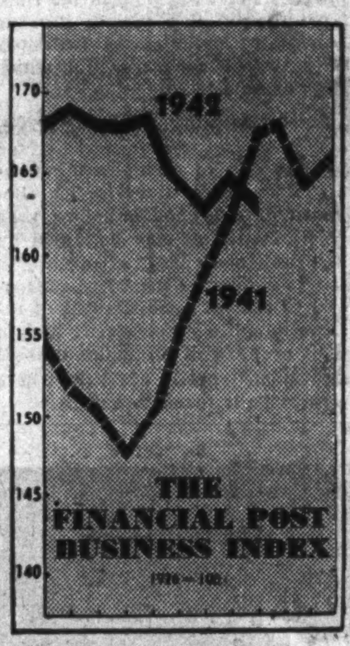
A few weeks ago there was grave concern as to what might happen to Canada's war programme if the reported allover cut of 35% in steel allocation on this continent were to be interpreted literally so far as Canada is concerned.

Without in any way placing this country on a more favorable basis than corresponding war industry in the United States, it is now reported that Canadian officials have been successful in securing adjustments which will mean only slight modifications in the war industry programme during the next two and a half months. Non-war industry is due to suffer very drastic curtailment, it is understood.

Just what will happen in 1943 so far as P. R. P. is concerned is still far from clear. There is strong reason to believe that by the first of the year Canada may be placed on an outright allocations basis so far as her steel requirements from the U. S. are concerned.

This may happen even in advance of the time when U. S. swings on to that type of war programme.

Now that Hon. C. D. Howe has returned from England it is expected that the whole Canadian production programme will be reviewed and possibly modified or expanded in light of British discussions.



Business Index Drops Again

Business activity in Canada, according to The Financial Post's index, reached a peak in October last year and since then has declined irregularly. Compared with a year ago the index stood 4.9% lower last month. It is expected that war production will reach its peak early in 1943 and will be maintained around that peak level for the duration. It is not anticipated that output of industrial plants as a whole will show any further expansion of importance as a state of full employment has now been practically reached.

Output of munitions and war supplies is still increasing but gains here are beginning to be offset by cuts in production for civilian needs. The latter is still estimated to be at least double that of war goods but is already down due to material and labor shortages. Announced plans for further conversion to an all-war economy will accelerate this shift and it seems quite likely that the level reached by the business index last October will prove to have been the extreme wartime peak.

Men of the Week — War Industry Chiefs

Typical of the more than 1,500 Canadian industrialists who met Oct. 17 in Toronto to tackle the vital problem of scarcities are these production men from Ontario plants. To overcome the shortages of material, equipment and manpower that are now assuming threatening proportions, they and other war contractors were given an opportunity to appraise the problem and to view the achievements in conservation of their own and other plants. The exhibits being studied by the four above are part of the display of "tremendous trifles" which are saving over $155 millions annually, vast quantities of critical materials, equipment and manpower.

U. S. Studies British Plan

May Substitute Direct Allocations for P. R. P.

By ROBERT T. ELSON

WASHINGTON.—All indications are that the British system of direct allocations with necessary modifications to meet needs of U. S. industry may supplant the present Production Requirements Plan in controlling materials after the first quarter 1943.

Three British allocation experts are presently conferring at the War Production Board headquarters with Ferdinand Eberstadt, head of the requirements section there. Their visit here, it is understood, is to present a detailed picture of the British system which is admitted to have triumphed over some of the difficulties that have in the past hampered materials control here.

For Canadians this is important news. First, if the British system is adopted, there will be relief from certain of the more unsatisfactory features of the P. R. P., in that firm commitments will be given in respect to materials—and in advance of production schedules. Second, there should be some relief from the paper work that has in the past burdened the handling of P. R. P.

New Problems

At the same time certain problems arise. One of them is how to maintain effective representation of Canada's needs on the U. S. committees that will eventually determine allocations of materials. It is understood Canadian officials here are now giving thought to that problem.

A lot depends, too, upon how well the Combined Raw Materials Board—U. S. and Britain; and the Combined Production and Resources Board—U. S., Britain, and soon to include Canada—succeed in working out a world strategy of supply. The first-named is supposed to determine raw materials flow; actually the requirements committee of the War Production Board on which are represented the U. S. Maritime Commission, the Army, the Navy, Civilian Supply, Lend-Lease, and the Board of Economic Warfare has become the "defacto" controlling agency of world supply.

This has been because the United States in purchasing Canadian nickel, copper, aluminum and base metals, South American rubber, etc. has largely called the tune on materials. At the same time Britain, Soviet Russia and the other allies have been claimants for both finished and raw materials through Lend-Lease. Canada has been largely represented through subcommittees of the Joint War Production Committee, which means in effect that Canadian war industry has been considered an extension of the U. S. effort. Continued pressure to meet requirements of American plants may change this picture.

British System

A supply expert thoroughly familiar with the British system outlined to this correspondent the British system of direct allocations.

There the War Cabinet is on top—as contrasted to the American system where the Cabinet as such does not function in respect to direct war strategy but leaves it to the President as Commander-in-Chief. The war cabinet determines the emphasis of the production programme upon the advice of the military command whether it is to be tanks, planes etc.

In Britain each of 23 government departments, five weeks in advance of each quarter, gives production estimates for the next three quarters. These programmes are then submitted to a materials committee which allocates materials on the basis of the schedules submitted. This is an interdepartmental committee and takes into account the reports of the 24 raw material controllers who work through the raw materials division of the department of supply.

When allocations are made each department in turn is given a hearing to present its case for further consideration. When final division has been given by the Materials Committee there is still an appeal to the war cabinet although according to British officials in Washington no such appeal has been made since 1940. Each department subdivides its allocations according to the prime contractors and they in turn have authority to take care of subassemblies. This feature particularly commends itself to the American industrial captains who have had so much experience in subassemblies.

Check-up Continuous

The various controllers of raw materials in Britain maintain week to week reports on shipments and inventories, supervise shipments and notify the various departments whether or not materials consumption is running ahead or behind schedule. In addition there are inspectors in the various plants to see that the material is put to the use for which it was intended—a conspicu-

(Continued on page 2, col. 7)

It's Your MONEY

. . . . that was being used up when the Toronto office of the Oil Controller sent a Toronto motorist a simple form in an envelope bearing three cents postage. Then came another letter with a new ration book, again with three cents postage. Required postage in each case was two cents.

It might be argued that the government is taking your money out of one pocket and putting it into another. But government ought to know its own postage rates.

The indifference to waste indicated in this minor item is a matter of public concern, particularly if it applies to other services and commodities which the government doesn't buy from itself.

Wheat Pool Move Undermines Taxes

Patronage Dividends Understood Exempt From Income Tax — Move Spreads to Private Grain Companies — Treasury and Shareholders Lose

By KENNETH R. WILSON

OTTAWA.—Out of the West has come a new threat to Canada's tax structure.

Originating first with the western wheat pools this tax threat has now spread to most of the line elevator companies and it threatens to spread to any company handling any farm product. In its present form it cuts at the very root of wartime corporation income tax. It appears to open the door for avoidance of income taxes by the simple expedient of returning surplus profits to customers in the form of "patronage dividends." The Dominion Government may lose millions in revenue.

In brief, the sequence of events which has been keeping tax and legal authorities awake for many a night here in Ottawa in recent weeks, runs like this:

Are They Co-operatives?

Until recently the western wheat pools have been officially regarded as co-operatives, and therefore exempt from income tax assessment. In common with other co-operatives they have from time to time paid patronage dividends. These dividends were deemed merely a return of surplus to members on basis of business contributed and were in line with a practice that is as old and as basic as the British co-operative movement itself.

But the Federal government has now reviewed the entire function and operation of the western pools. As a result of an opinion handed down by the Federal Department of Justice, it has assessed the pools for present and accrued income tax.

The argument here is that during the early period when these organizations were entirely engaged in pool handling of grain for accredited members only, they were specifically exempt from income taxation in Canada since all revenues accruing after payment of expenses were regarded as net proceeds from the sale of grain and not profits. Theoretic-

(Continued on page 2, col. 1)

Concentration Plans To Be Clarified Soon

By STAFF WRITER

OTTAWA.—The outline of Canada's drive to squeeze manpower out of civilian industry may soon clear. The return of Defense Minister J. L. Ralston and Munitions Minister C. D. Howe from Great Britain paves the way for a more accurate estimate of our manpower requirements over the next 12 months.

Most important for Canadian industry is the assurance now being given that whatever else happens, Canada will fight desperately to avoid the manpower wastage expected to flow from an order such as that of last week which required a shutdown in all U. S. gold mines.

There will be no such wholesale slashing of Canadian trade, services or industry unless the manpower thus released can be utilized in war work immediately.

Even the Canadian gold industry, which has been the first to feel the shock of restriction due to manpower shortage, has been assured that reduction will only be carried out "in step with war requirements and with the ability to make effective use of the labor and materials which will thereby be released."

The gold industry came into the limelight quickly and prominently because a most urgent shortage of men was forcing a shutdown of base metal production at Sudbury and other points.

What is now being done by the Wartime Prices and Trade Board through its individual administrators is to make private or special studies in the important non-essential industries with a view to having an orderly and progressive blueprint for curtailment available, if, as and when the call comes for manpower from National Selective Service.

It was the lack of any such plan which has caused much of the confusion in the gold mining industry.

Coming by Stages

In every case where a blueprint for curtailment has been prepared, the programme will move along moderate and modest lines, with more drastic stages of curtailment and concentration reached only after earlier and simpler steps have been taken.

For example, the order in respect of breweries which is to be released immediately will call for a progressive "freeze" rather than a drastic or overnight wiping out of

(Continued on page 2, col. 3)

Gold Problem Creates Issue

Plan Shows Gap in Adjustment Machinery

By STAFF WRITER

OTTAWA—The need for an entirely new approach in the allocation of war contracts and a clear-cut policy in regard to capital or other assistance to displaced industry is seen emerging from last week's important developments in the gold mining industry.

Heretofore "displaced" war industry has been channelled into the displaced industries branch of the Industry Sub-contracts and Co-ordination Branch of the Department of Munitions and Supply. If a plant has any equipment that might be used to make war munitions or supplies, it is given an opportunity to tender along with other firms.

Most of these competing firms have probably been in that particular war line before. Many of them will be better equipped to handle the contract than will the newcomer. Many will already be working on other war orders. If the "displaced" company is successful in obtaining the contract in face of this competition, all well and good. If not, it has been government policy heretofore to say in effect: "Sorry, gentlemen, we have done our best. We are only a purchasing department and we cannot afford to "load" the contract price to our customers in order to keep you in business."

New Programme

But now, the official statement of policy as announced last week by the Prime Minister in regard to gold mining marks a new and different approach on the part of the government. Mr. King stated on Oct. 15:

". . . the government has found it necessary to issue instructions that plans be formulated for further curtailment of gold mining as well as other non-war industries. These plans will be carried out in step with war requirements and with the ability to make effective use of the labor and materials which will thereby be released."

In short, the government is now committed to a new and widespread curtailment programme in order to provide manpower for the armed services and war industry. It is also committed to make the most effective use of the "labor and materials thereby released."

So far as Canada's gold mining industry is concerned, it now becomes the foremost manpower curtailment "guinea pig." Although an immediate shift of several hundred men from Porcupine to Sudbury has been much publicized, the fact remains that no clear-cut curtailment programme has as yet been evolved nor has the government indicated what it intends to do in regard to bringing war industry into the gold mining area.

War Work for Gold Camps

It is the provision of new war contracts for gold-mining communities, which appears to offer the most important source of relief. Unofficial estimates suggest that there are probably about 20,000 men presently employed in Canadian gold mines. This compares with about 32,000 toward the end of 1941. Yet total manpower needs of the base metal mines (assuming the base metals could obtain all their manpower from the gold mines) would appear to offer an outlet for not more than a third of those presently employed.

(Total manpower needs of the base metal mines, including new projects to be opened now or in the near future, and including surface as well as underground workers, are placed at between 7,000 and 8,000. Of these about half will probably be underground workers).

What is felt necessary and urgent here is:

(1) A broad programme such as is now being worked out by individual administrators in many

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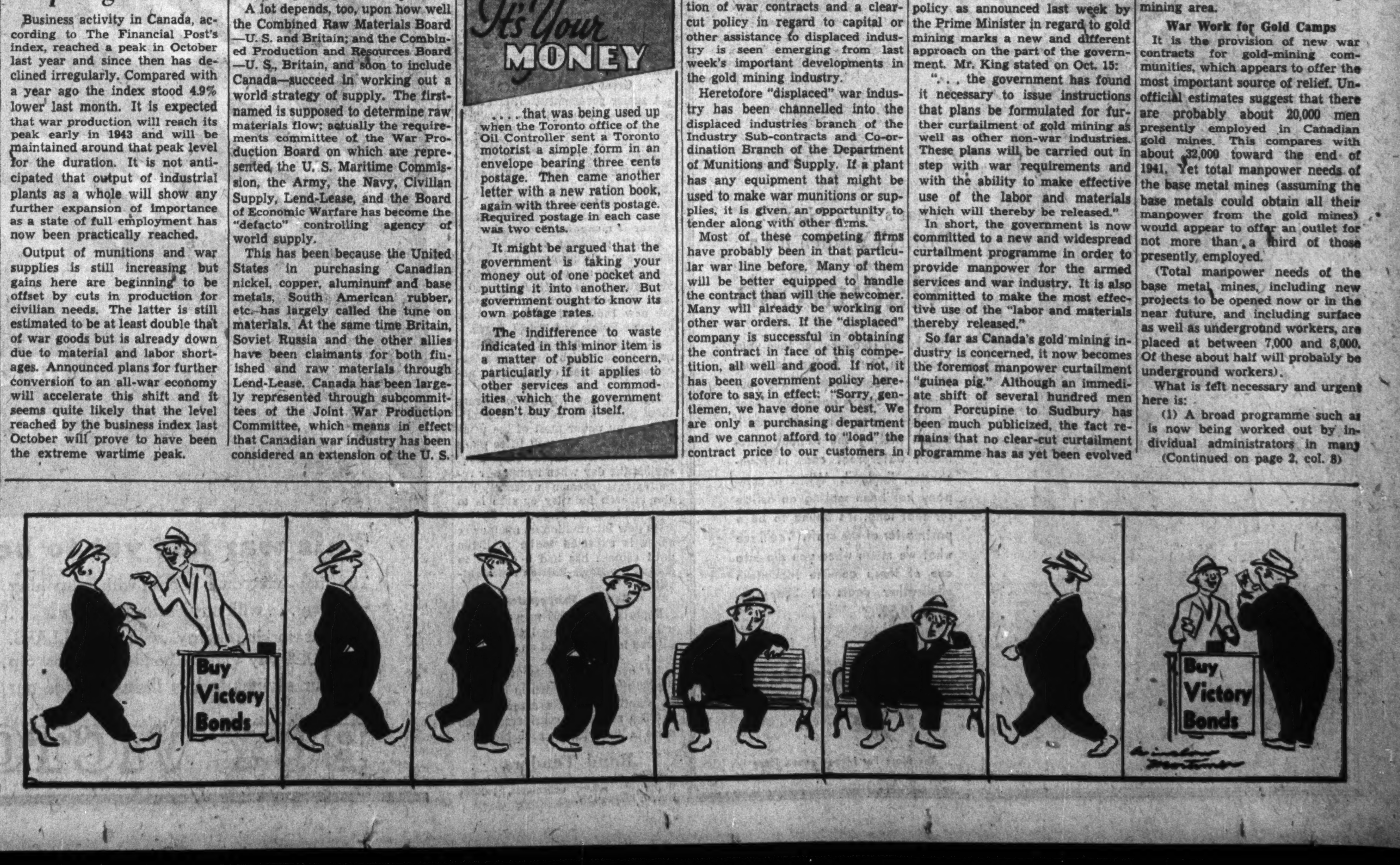

List Big Subscriptions For New Victory Loan

Following is the first list of large subscriptions announced by national headquarters of the Third Victory Loan. The Financial Post will continue to list such subscriptions as they are reported by the National War Finance Committee. The list includes only subscriptions officially announced and over $500,000.

London City, Ont.	$ 750,000	Can. Life	11,500,000
Wawanesa Mutual	300,000	Ogilvie Flour	1,000,000
Robin Hood Flour	625,000	Courtaulds (Canada)	500,000
Int. Harvester	2,000,000	Singer Mfg. Co.	2,300,000
London Life	15,000,000	Shawinigan and subsidiaries	2,685,000
Can. General Electric	3,000,000	St. Maurice Power	500,000
Hudson's Bay Co.	500,000	Heinz Co. of Can.	400,000
Can. Celanese	1,250,000	Anaconda Brass	500,000
Dom. Oilcloth & Linoleum	1,500,000	Windsor Sinking Fund	1,000,000
Gen. Steel Wares	500,000	Huron & Erie Mtge. Corp. and Can. Trust Co.	1,100,000
Brotherhood of R. R. Trainmen	500,000	Ind. Order Foresters	500,000
Credit Foncier F.-C.	600,000	Ford of Canada	5,000,000
Steel Co. of Can.	3,000,000		
Beatty Bros.	750,000		

See Wheat Pool Move Undermining Taxation

(Continued from page 1)

ally there could be no profits, since the grain handled remained the property of the member until finally disposed of by the pool.

Ordinary Companies

But some years ago the pools departed from that practice and began to handle grain and other products on exactly the same basis as the ordinary line elevator companies. They bought outright from the farmers. At this point the Justice Department stepped in and declared surplus revenue taxable and assessments were made accordingly.

Faced with heavy income taxes, both current and accumulative the pools are reported to have sought from income tax officials an opinion as to what their position would be if they paid patronage dividends to their customers and in this way used up surplus which otherwise was headed for the federal treasury. The alternative was an appeal to the Exchequer Court against the new assessment. This appeal is said to have been deferred, as long as there is a possibility that income tax liability may be avoided by the payment of patronage dividends.

Patronage Dividends Non-taxable

The Federal income tax authorities have now given an "opinion" that patronage dividends are a legal and legitimate "expense" and that surplus distributed in this way is therefore not taxable.

In the meantime the old status of membership has been changed. Originally no farmer was accepted as a member of a pool unless he signed a hard and fast contract covering a period of years to the effect that all his grain would be sold through the pools. These contracts soon became unpopular with the grower who wanted to be able to sell through the pool or to a private company as he pleased and as opportunity offered. To overcome this difficulty membership was made simpler and in some instances it is now reported a grower automatically becomes a member if he turns over even a token amount of grain to a pool.

Some months ago the Saskatchewan Pool announced publicly in an advertisement that it had paid $1.5 million back to its customers or patrons in the past two years in the form of an "excess charges refund."

Line Companies Follow?

No sooner had the Pools begun to disburse these tax-jumping patronage dividends than certain line elevator companies felt compelled for competitive reasons to follow suit. These companies also sought an opinion from Ottawa and apparently with the same "favorable" result. Not all the line companies have followed but the majority are now preparing to distribute patronage dividends varying in amount and running in some cases to a cent or more per bushel. So far, all these payments (or promises to pay) have been in respect to previous deliveries. Some of them, however, have been made contingent on a farmer marketing his entire crop with the same organization during the present crop year.

Threatens to Spread

Whether or not the present opinion as to the legality of the patronage dividend when paid by a taxable corporation or organization, will be upheld, is now a matter that has been referred to the Department of Justice at Ottawa for a definite ruling. If the opinion is sustained, then it will be a matter for the Department of Finance to consider whether or not an amendment will be necessary to the income tax act to prevent thousands of other corporations doing likewise.

For it appears very obvious that the implications of this patronage dividend practice spread very far beyond the western grain business. Tens of millions of tax money may be involved. All companies dealing with farm products, at least, would seem to be in the same position.

Shareholders Lose Out

So far as the shareholders of the regular elevator companies are concerned, the implications of the new patronage dividends are important since net earnings after payment of patronage dividends are certain to be reduced.

The War and Business . . .

Probe Living Index

Housewives have long had a suspicion that Canada's cost-of-living index is not just as accurate as it should be. The Financial Post understands that the base for this highly interesting figure is now under official investigation and that some changes are likely to be made very shortly.

The net result, however, is not expected to be greatly affected. While certain commodities, now under severe rationing, are playing a lesser part in our C.O.L., others are believed to have counterbalanced these. An official check, however, should give reassurance. The matter is of more than usual importance just now as the index is the basis for weekly bonuses in pay cheques to a great many wage earners in the Dominion.

* * *

War Break Soon

Observers at Washington, London and Ottawa are not expecting the war to settle down quietly this winter. They suggest that early and startling developments may be expected in several quarters, hinting that something is due to break soon, possibly in the Mediterranean.

The United Nations are suffering a serious handicap, by the fact that Mediterranean through traffic has been impossible almost from the time Italy entered the war. If that area could be opened this short route would be of tremendous advantage, especially when shipping is so short.

* * *

War Labor Losses

Absenteeism and shortage of help generally is understood to be seriously hampering Canada's war production. This explains the new activity of the Canadian authorities in manpower matters, and especially in the switching of labor from non-essential to essential industries.

In one large Canadian war plant, it is understood, the operators have asked for several thousand additional workmen. It is reported that a substantial number of man hours is being lost every week as a result of war workers staying away on minor excuses or refusing to work Saturday afternoons.

* * *

Shopping Changes

Rationing, restrictions on motoring, and shortages of goods generally are expected to hit the big chains and super stores in the United States harder than the independents. Already 15% to 25% drops are reported in certain areas. Many of these stores depend upon customers to supply their own transportation and in some areas these customers travel a considerable distance. The situation is similar in Canada.

Gas rationing is seriously interfering with this sort of business and other transportation shortages are expected to aggravate the situation.

* * *

Ontario Saves Power

Restrictions placed on use of electricity in Ontario have already resulted in a saving of around 100,000 h.p. and by December it is likely to total 150,000 h.p. This word came from Dr. T. H. Hogg, chairman of the Ontario Hydro, who addressed Toronto war contractors last week. Dr. Hogg forecast that restrictions on various non-war industries would enable the province to get by this winter.

Greater electricity savings will result in December because of the longer hours in which restrictions will be effective. Outdoor signs are lit longer in early winter months; more lights are used in households and street lights burn longer; all this contributes to the hoped-for saving later in the year.

Another factor is the slowness with which the later new war plants have been coming into production due to material and labor shortages. Finally, Ontario Hydro-Electric is already beginning to gain from a slowing down of non-war industry.

* * *

Behind Fettering Threat

Real Nazi motives behind the threat to fetter all British prisoners are analyzed by Washington observers as follows:

(a)—an attempt to discourage Commando raids, which occur more frequently than is generally known and create considerable Nazi concern, since each raid must be treated as a potential large-scale invasion;

(b)—an attempt to fortify resolution on the German home front by demonstrating that the British, as victors, would be monsters;

(c)—a preliminary to the use of all prisoners of war as a partial solution to an increasing acute manpower problem. Any large-scale British retaliation necessarily would be against Italian prisoners of war, and it is doubtful if this would bother the Nazis one way or another.

* * *

Gain U.S. Recognition

Indicative of increasing United States interest in Canada is inauguration this year at Pennsylvania State College of two courses on Canadian economics. The first one deals with general development, the second with Canada's war effort, controls, etc. Both are being taught by Donald M. Marvin, former economist of the Royal Bank of Canada.

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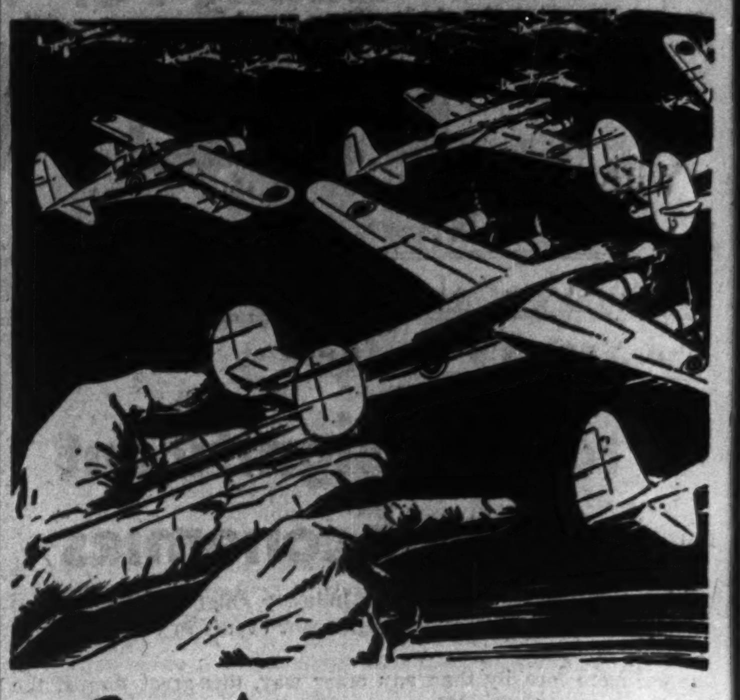
Dominion Stores	20	Toronto Dairies	21
Dover Industries	23	United Dairies	21
Eastern Bakeries	19	Viau Ltd.	19
Eastern Dairies	21	West. Can. Flour	25
Fanny Farmer	20	Western Grocers	24
Geo. Weston	19	Willard's	23
Edm. City Dairy	21	Wisil	18
Highland Dairy	21		



Speed THE PLANES

Every plane—every tool of war—that Canada ships to the front shortens the war and reduces our casualties.

Your subscription to the Victory Loan will help to keep the supply of armaments flowing. Invest freely—to the limit of your ability—in the new Victory Loan.

BANK OF MONTREAL

U. S. Studies British Plan

(Continued from page 1)

ous lack in the American system up to date.

But by keeping ahead of the flow of materials the overall work of control in Britain is said to be largely preventive rather than punitive. Under the American system punitive measures follow the actual use of prohibited material. Then, as in a recent automotive case, the material cannot be recovered.

The British also set aside a reserve each quarter for emergency requirements. Then a small amount —perhaps as little as one or two per cent—is set aside for small contractors with a limit upon what they may purchase in the open market. To a large extent this whole system has worked very well except when an occasional convoy has been lost. One official insists it has worked up to 98% of efficiency.

In the United States the overriding authority under the British system would have to be the Commander-in-Chief, the President himself and his joint staff, headed by Admiral Leahy. The actual materials committee would be the requirements section headed by dynamic Ferdinand Eberstadt, formerly the chairman of the Army and Navy Munitions Board. In turn the committees appeal for materials would be the same agencies as at present —Maritime Commission, Army, Navy, Lend-Lease, Civilian Supply and the Board of Economic Warfare.

This would still leave room for a modified P. R. P. to handle the small businessman; or some arrangement like in Britain for some purchases on the open market by firms too small to police.

A lot depends upon how soon the organization can be set-up and how much remains to be done by way of modification in setting up the machinery as to whether this can be set in motion for the second quarter of 1943.

Gold Problem Creates Issue

(Continued from page 1)

lines of non-essential industry and which would plot a gold-mining curtailment policy step by step. (Unlike many other industries which have been working under the price ceiling there is no "administrator" in gold mining with authority or instructions to proceed with such a plan.)

(2) A clear-cut statement of government policy as to its willingness to subsidize or assist communities or firms in obtaining war contracts other than on a purely competitive basis.

Canada, it is argued here, has so far avoided the sort of drastic curtailment programme announced for the gold industry in the United States a few days ago. It has been made clear in all official statements that there is no intention of such drastic and (for Canada) short-sighted treatment. However, it is openly discussed here that chaotic and unsatisfactory conditions can only be avoided if definite steps along the lines indicated above are taken as promptly as possible.

Concentration Plans To Be Clarified Soon

(Continued from page 1)

existing producers. In this particular industry, federal action (which will be primarily in the field of manpower restriction) will be accompanied by provincial regulations in individual provinces leading to the curtailment of hours for beverage rooms.

The major savings in manpower, so far as the federal plan is concerned, will be in the distribution rather than the manufacture of beer.

As presently organized, there is said to be a big wastage of manpower, gasoline, tires and so forth on the part of persons who travel from one beverage room or tavern to another stimulating the sale of their firm's product.

Tobacco Curtailment

A curtailment order respecting the tobacco industry is as yet only in the draft stage. So far as manufacturing is concerned, that industry is reported as already being highly efficient in its use of manpower. Eventually some concentration of brands is deemed inevitable.

Reported well advanced in its plans for concentration is the agricultural implement industry. The programme is said to call for a reduction of 60% in output, with special consideration for replacement and spare parts.

In this case the manpower released (reported as numbering upward of 1,000) would for the most part merely shift from peacetime to war work, without change of employer.

Export Trade

In respect of Canada's export trade there are very important implications so far as the present manpower curtailment programme is concerned.

Already Canada's exports have been drastically reduced because of shortage of materials, exchange restrictions, shipping. For the fourth year of war the emphasis now shifts completely. Questions of retaining markets or acquiring dollar exchange will give way to the more urgent question of manpower needs.

This is very clear in the case of gold, where a commodity which had been heretofore produced to supply needed U. S. dollars is now being judged primarily on its value as a source of needed manpower.

In the case of hundreds of items where Canada and Great Britain have heretofore continued exports in the hope of retaining valuable markets or getting foreign exchange, both criteria now give way to the need for manpower required for the war effort.

Great Need Manpower

A senior government official stated recently to The Financial Post:

"In the first and second years of war our first consideration was foreign exchange.

"In the third year it was shipping.

"For the fourth year of war, the most important and the deciding factor is manpower."

Export problems as they affect manpower curtailment are being handled by an export committee. Most other trade and industry problems are being channelled through the new Industrial Division of the Wartime Prices and Trade Board.

At present, most of the curtailment plans which have been received have been of a private nature.

The next step will be to discuss these plans with advisory committees set up under most of the price administrators. Many of these plans may be considered as "insurance" against the day when manpower requirements become urgent. The aim in each industry or area is to have a blueprint ready.

No new information on manpower needs is expected to be available until cabinet has had a chance to discuss the Howe-Ralston representations.

Reports Exaggerated

Reports that 50,000 men a month will be needed during 1943 are considered inaccurate and an overstatement.

An overall requirement of say 500,000 men and women in the next 20 months, which averages about 25,000 a month, is considered much more in line with the probable facts.

Bond Tenders

Oct. 26—Municipality of [illegible], Ont.—[illegible] school debentures, payable Nov. 1, 1943 to 1957.

Washington Moves Toward Full Control of Paper

Special Correspondence

WASHINGTON. — Long-awaited curtailment orders for the paper industry which are scheduled for joint announcement in Washington and Ottawa still remained unsigned.

No explanation or comment is forthcoming, but it is said that a limitation order tentatively designated as M-241 now awaits action by Ernest Kanzler, Director-General of Operations of the War Production Board. Reports that this would be promulgated jointly by Canada and the U. S. have been current for three weeks.

The figures of 10 and 20% are mentioned as possible overall limitations on newsprint.

One reason for the delay in curtailing the paper industry, it is suggested here, is to permit consultation with the publishers. When the move was first considered, Canada was consulted but the discussions were limited to representatives in the industry, and did not include publishers.

Meanwhile a significant move which may foreshadow the general curtailment of paper making was taken this week in the publication of Order M-251, which sets up machinery for control of distribution and use of pulpwood. This provides that producers of wood pulp in the U. S. must file monthly reports showing receipts, consumption and inventory of pulpwood for each mill which they operate.

First reports are required Nov. 5—and additional reports must be filed by the fifth of each month thereafter. The order provides for allocation of pulpwood to follow such determination as may be issued by the Director-General of operations. It also authorizes the Director-General to compel establishment of reserve supplies of pulpwood and to limit or prohibit particular uses of designated types in any area where a shortage is found to exist.

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Dominion—	Date Issued	—Sold to—	Rate	Due	Amount	Price	Yield
Canada Treasury Bills	Oct.		....	Jan. '15, 43	$45,000,000	99.868	.529%

What's In a Name? PLENTY when it's a

Macintosh

"Looks like rain—better take your Mac with you." In the old country, that means simply "Take your raincoat," and it dates 'way back to 1824, when Chas. Macintosh began making the famous Macintosh waterproof coat in Manchester, England. When a company has been making an article for that long, it's bound to be a pastmaster of the craft. You'll see what we mean when you slip into one of these genuine Macintosh all-weather coats at Simpson's. Each 19.50.

Simpson's

The Store For Men—Second Floor

This war has yet to be won. We could lose it.

The time has come to fight with everything we have'... with our hearts and minds... with our working energy... with our DOLLARS. We MUST buy Victory Bonds. We must dip into our savings to buy them—pledge our future earnings to buy them—pare down our living standards to buy them. We are fighting for our lives.

THE ROYAL BANK OF CANADA

BUY VICTORY BONDS

War Industry Mobilizes to Defeat Its Three Shortages

With Materials, Equipment and Manpower All Perilously Scarce, Leaders of Canadian War Industry Pool Their Skill

Their Responsibility — Production Thrift

Because of the extreme scarcity of many critical materials, because of the manpower and power shortage, because of the state of war itself this is the most critical moment in Canada's war production history. Hence the unusual importance of the Harry Carmichael conference in Toronto on Saturday, October 17.

Here are a few highlights from the addresses of various speakers and publishable figures of what they told the audience.

Left to right: Wallace R. Campbell, president, Ford Motor Co. of Canada, Windsor; F. M. Morton, International Harvester Co. of Canada, Hamilton; F. A. Sherman, Dominion Foundries & Steel Ltd., Hamilton.

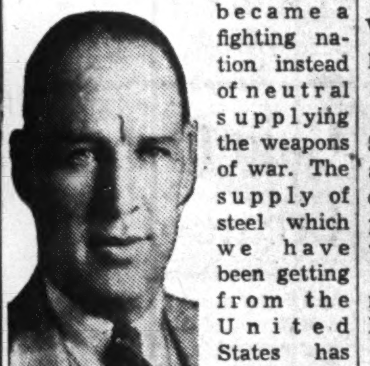
Shown from left to right: P. G. Dietrich, general manager, Shurley-Dietrich-Atkins Co., Galt, Ont.; E. N. Mills, Toronto manager, Simonds Canada Saw Co.; D. Weston, superintendent of Simonds Canada Saw, Montreal; T. R. Coates, general manager of Henry Disston & Sons, Ltd.; D. E. Hamilton, managing director, Simonds Canada Saw, Montreal.

H. J. Carmichael

Co-ordinator of War Production:

Production of the implements of war in 1943 will reach the staggering total of $3 billions. If I were to add to that figure the production of metals and foodstuffs which we will export to our Allies we can add another $800 millions.

The most serious effect on our war programme came about with the advent of Pearl Harbor. Our neighbors became a fighting nation instead of neutral supplying the weapons of war. The supply of steel which we have been getting from the United States has now been restricted.



H. J. Carmichael

Gentlemen, that puts the problem right up to each and every one of us. Certainly that brings home to us how absolutely essential it is that we conserve not pounds of steel but fractions and ounces.

I ask you to cease to rehabilitate your plants except where it is vitally necessary. Forget there is a postwar period—patch up, get along with what you have somehow or other. What if you do pay everything in profit? Supposing we lose this war; what then?

It's your duty not to pick out the difficult task for the subcontractor and say "Hell, he can't make it." Pick out the simple job that he can make. Keep the difficult tasks at home in those plants of yours that are highly specialized and have the technique to accomplish them. Forget everything except the one job.

Our campaign for the conservation of materials and labor is not predicated from the spirit of saving dollars. It is saving those things which will allow us to make more for the gallant boys in the fighting line.

We have introduced into Canadian war industries 165,000 women workers.

You are going to be called upon not to lend us your second or third rate men but your very best, so that we can do this job of co-ordination on the highest and most intelligent plane possible. I wonder if you realize what a magnificent job Canadian railroads have done? We owe that group a great debt of gratitude and will further have a great responsibility to them. I am going to ask you as war contractors to make absolutely certain, where humanly possible, unless there is a very special emergency, that no car leaves your plant that is not loaded to the maximum capacity.

Your demurrage bills today are a crime against Canada and Canada's war effort.

We in the Department of Munitions and Supply, I do not believe, have ever attempted to dictate to any group of manufacturers as to how or where they should run their business. That is the Hitler method. Ours is a democratic method.

When a hardboiled manufacturing executive like George Christopher, president of Packard Motor Car Co., signs a statement giving credit to his labor management group for the large increase they have enjoyed in those fine Rolls Royce Merlin engines, I think it is something for us to sit down and think about.

It is absolutely essential that we use everyone's brains. I heartily endorse the suggestion scheme—a workable suggestion scheme, not the haphazard ones put in a box and nothing done about them.

I vividly recall Andy McNaughton, general of our overseas army, in his last words to me when he said goodbye; he said "Harry, if we Canadians would use our brains and initiative and energy, and all the natural resources we have, there is not any nation or group of nations in the world that could lick us." The savings shown in the exhibit room—based on direct material saving and labor, no overhead or what have you—is $155,188,066—and this is only the beginning.

I am going to reconvene this meeting in six months time, not to have many people talk to you all day long, but just to take an inventory of how fair each and every one of us are and our willingness to go on to do our best to conserve every fraction of an ounce of scarce materials, every fraction of an hour of scarce labor so that in our homes our dear ones can sleep at night, wipe the worry off all our faces so that we can smile.

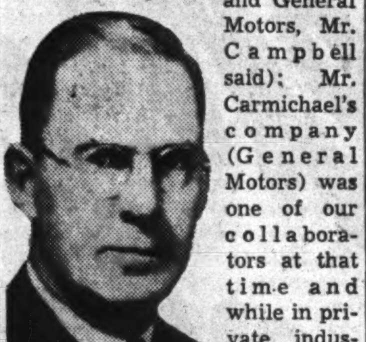
* * *

Wallace R. Campbell

President of the Ford Motor Company of Canada:

At the evacuation of Dunkirk, 50,000 units were lost or destroyed and the losses included not only our military types of vehicles but practically all lethal weapons of war.

(Describing prewar experimental collaboration between Ford Motor Company of Canada and General Motors, Mr. Campbell said): Mr. Carmichael's company (General Motors) was one of our collaborators at that time and while in private industry we would slit each others gullet every time we got a chance, in this particular industry we give him full marks; he and his company have co-operated.



W. R. Campbell

We each made one half unit and in putting those two halves together we had a whole. Consequently we were able to tool up our production of complete units many, many months prior to the time either one of us would have been able to produce a complete unit. That arrangement continued until the end of 1940, until which time the requirements had been greatly extended and it was considered desirable by everybody concerned that we should each become independent in the matter of supply and tooling. There was a divorce from the morganatic marriage which had been consummated some months before.

The figures which follow apply only to the items on exhibit and cover one year's operation. Here is the savings record:

8,000 tons of steel
550,000 lb. of rubber
26,000 lb. of bronze
Over 1 million man hours
1,018,000 machine tool hours
330,000 furnace hours, or
$3.3 millions
15,635 employees at
$3 millions per month in wages
Government installations in our plant amount to $7 millions, about 15% in dollar value.

* * *

Col. W. Eric Phillips

President, Research Enterprises:

In the production of precision optical instruments the use of substitutes, or in other words the conservation of critical materials, is an essential not only because of the shortage of supply. I hold strongly that we will never, with the best methods available, reach anything approaching production conditions unless we are able to make use of quite different materials. The most important of which, in my opinion, is found in the field of plastics.

Col. W. E. Phillips

At Research Enterprises we have grown from about 2 people in September, 1940, to over 6,000 today. We have somewhat over 3,000 women workers.

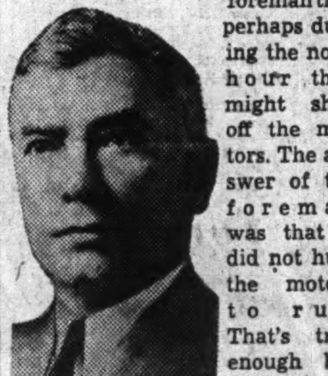
We have had the most encouraging results to date from labor management production committees. I believe that with good planning and patience and good will and a determination to utilize this vehicle to improve relations, much is to be gained.

(Mr. Carmichael stated that production from this plant December of this year will reach the total of between $7 and $8 millions output.)

Dr. Thomas Hogg

Chairman, The Hydro Electric Power Commission of Ontario:

I heard a laborer in one of the plants in the city remark that he thought there could be quite a distinct saving in power come within their plant. He suggested to the foreman that perhaps during the noon hour they might shut off the motors. The answer of the foreman was that it did not hurt the motors to run. That's true enough but I think in many cases there are times when very distinct savings can be made within the organization itself without looking across the fence to see what the other fellow is doing.



Dr. T. H. Hogg

In the case of small arms production you will find there were 15,000 hands employed and perhaps 85,000 horsepower required, while in some of the electro-metals industries you will find 125,000 horsepower with about 1,200 men employed.

* * *

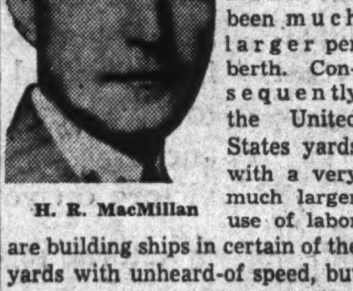
Harvey MacMillan

President, Wartime Merchant Shipping:

Shipbuilding does not bring those of you who are masters of industrial organization any new tricks. It is an old art—a forgotten art in Canada.

The first necessity was to adopt the type of ship capable of mass production under Canadian conditions.

The capital investment on the average by the government has been less than $50,000 per shipbuilding berth, whereas in the United States the governmental investment has been much larger per berth. Consequently the United States yards with a very much larger use of labor are building ships in certain of the yards with unheard-of speed, but the average time taken to build a ship in the best Canadian yard is almost the same as in the average American yards.



H. R. MacMillan

It is necessary to arrange with a considerable number—I think 3 or 4 hundred—contractors and subcontractors to make parts of ships and equipment and machinery for ships in types and sizes in a scale never before undertaken in this country.

Manufacture of instruments, valves and things of that nature is done here and in my opinion to a capacity which in the future will make this country entirely independent.

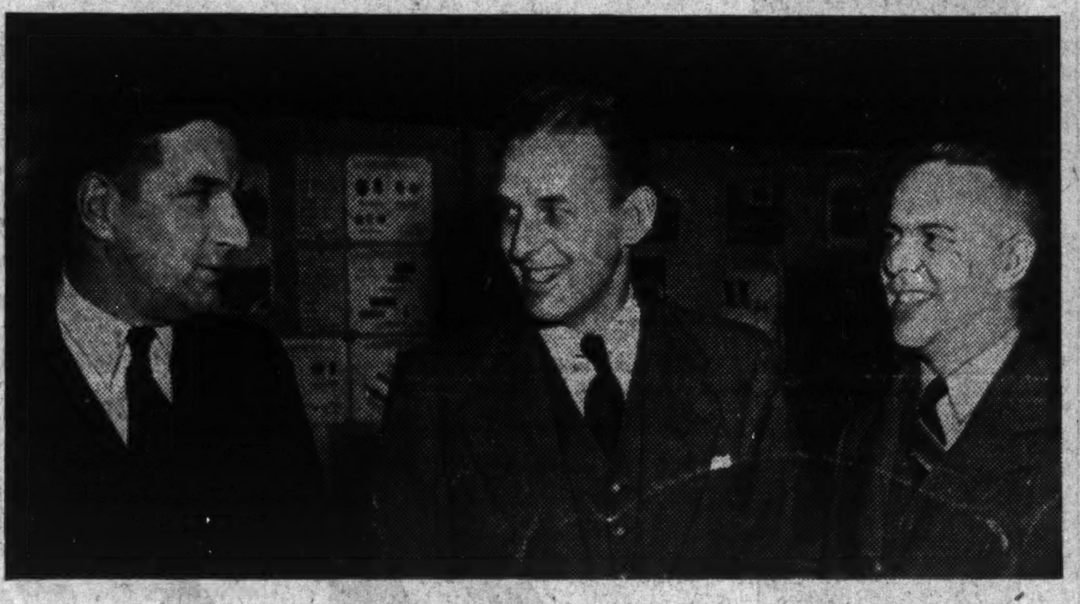
On a per capita basis Canada in the last five months has delivered twice as many ships as the United States, and on an industrial basis, or on the basis of a relative worth, three times as many ships. Next year our programme will be rising and production will rise before another 12 months to twice what it is now.

We have taken from our ships all the imported woods. Out of each ship we have taken out specifically seven tons of copper and brass, one and a half tons of tin, three and a half tons of manila.

September was the first month since the beginning of the war when production by the United Nations equalled the volume of ships sunk by enemy action, which takes no account of ships sunk through ordinary marine disaster and ships out of commission for some time for repairs.

Ships—twice the quantity of ships the United Nations now have—are the only means of bulk transport to carry our offensive power to the points where our battles must be won.

* * *

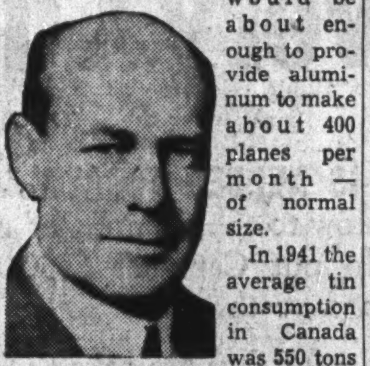


Left to right are I. F. McRae, works manager, Canadian General Electric Co. Ltd., Peterborough; H. M. Turner, vice-president, Canadian General Electric, and H. K. Thompson, director general of the Munitions Contracts Branch, Department of Munitions and Supply.

George Bateman

Metals Controller:

Early in 1942, we reduced the amount of aluminum available for civilian use and the saving would be about enough to provide aluminum to make about 400 planes per month — of normal size.



G. C. Bateman

In 1941 the average tin consumption in Canada was 550 tons a month. After Pearl Harbor we set an objective of 250 tons. Last month we reached that objective. Actually we got 245. Now we have lowered it to 200.

My experience has been that if you sit around a table with industry and tell them your problem and ask for their co-operation, you get it to the fullest degree.

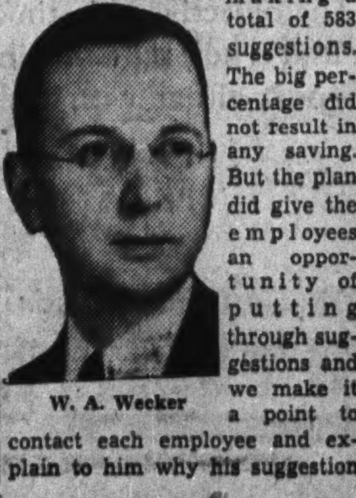
* * *

William A. Wecker

Vice-president, McKinnon Industries, St. Catharines:

(Mr. Wecker described the employee suggestion plan for increasing quality and quantity of production and explained the principles of how to get such a plan going and how to make it successful.)

In May, when the plan was first started, there was submitted a total of 65 suggestions; in June, 86; July, 88; August, 110; September, 127; up to October 13, 109; making a total of 583 suggestions. The big percentage did not result in any saving. But the plan did give the employees an opportunity of putting through suggestions and we make it a point to contact each employee and explain to him why his suggestion was one that could not be considered and we encourage him to try again.



W. A. Wecker

Suggestions accepted amount to 11.3%. The awards paid so far amount to over $3,400. Savings that have resulted from this plan have amounted to about 43,000 man-hours of production, and a saving in critical material of $25,000 to date.

We think the plan provides a means of employees participating in this war effort and it is our recommendation to industry in general that they try out such a plan.

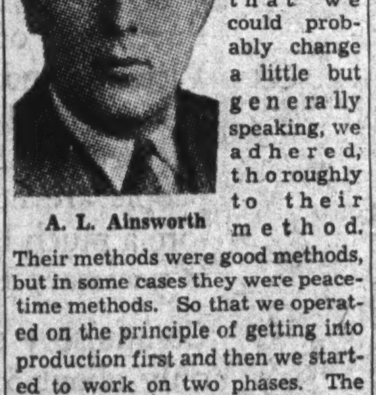
(Mr. Carmichael said that through the ingenuity of McKinnon Industries fuses are being sold at a price very considerably below half that of the existing and latest known price in either the United States or England.

* * *

A. L. Ainsworth

Vice-president John Inglis Co.:

We decided that inasmuch as the Royal Ordnance factory at Sheffield, England, had satisfactorily made the Bren gun, we would follow out the principles of manufacturing they used to the letter of the law. There were certain things that we felt by ordinary judgment that we could probably change a little but generally speaking, we adhered, thoroughly to their method.



A. L. Ainsworth

Their methods were good methods, but in some cases they were peacetime methods. So that we operated on the principle of getting into production first and then we started to work on two phases. The first was improvement in the established method of doing some types of operations and secondly, the redesigning of certain types which we felt could be improved.

Various firms that I have had contact with have all made sizeable contributions to this conserving of critical materials. But I say—and this applies to my own plant equally as much as to anybody else, probably more—that really we have only just barely scratched the surface of what can be done.

It is an inspiration to see what has been done at a small firm, the Canadian Elevator Equipment Co., which was given a contract to make first of all trench mortars and then was shifted over to two-inch bomb throwers. They really got production up to a sizeable basis. They have reduced their cost from the first target price to the present cost by about one-third. Of actual savings in redesign—and this is a small company bear in mind—run into about $185,000 a year.

About two months ago Mr. Carmichael requested us to increase our Bren production substantially. If we had done so on the basis of manufacturing what we call the Mark 1 brand it would have necessitated a very sizeable plant addition and a tremendous amount of new machine tools. We decided to shift that and do a certain amount of re-tooling on what we know as the Mark 2, which primarily had its creation in England, although we have contributed something to it. It has saved over 650 new machine tools, 120,000 square feet of floor space, and about $1.5 millions saving in direct labor cost.

Other savings cited by Mr. Ainsworth were:

Redesign bipod for the Boys' rifle—$1.8 millions a year.

Redesigned pin mounting on the Boys' rifle—$60,000 a year.

Substituting different kind of steel in certain parts of the Bren—$73,000 a year.

Redesigning some forgings on the Bren has reduced weight from 40 pounds to 30 pounds.

We decided a company of our size should justify the existence of a separate organization that would have nothing to do with production, deals entirely with the question of studying new methods to redesign components. Since we have done that we have started to get somewhere and, as I say, we have only scratched the surface.

(Continued on page 5, col. 4)

Left to right are H. D. Hyman, of J. R. Booth & Sons, Ottawa; Thomas Arnold, Machine Tools Controller, and W. T. Bennett, of Canadian International Paper Co.

Quebec Pulp & Paper Placed in Bankruptcy

From Our Own Correspondent

MONTREAL. — Quebec Pulp & Paper Corp., Chicoutimi, has been declared bankrupt. The proceedings which were uncontested, were initiated by the Quebec Department of Lands and Forests, which has a claim of $1,824,710 against the company.

Maurice Boulanger was appointed guardian of the assets and a meeting of creditors was called for Nov. 5.

the regular quarterly dividend of $2 a share, has declared a special dividend of $2 on the common stock, making a total payment for 1942 of $10 a share. This is the same amount as was paid in 1941. The current dividends are payable Dec. 5 to shareholders of record Nov. 14.

Canadian Fairbanks-Morse has declared a dividend of 25 cents a share on the common stock, payable Dec. 1 to shareholders of record Nov. 16. The last payment was $2 a share on June 1 last, which was in respect to 1941 operations.

COST ACCOUNTANT

Somewhere in Canada there is a high class cost accountant familiar with the mechanical field who sees his position being endangered by war time regulations.

To such a man we are prepared to offer a salary commensurate with his ability and experience.

Our company is rapidly expanding in the manufacture of vital war necessities with far-reaching peace time possibilities.

Apply by Letter or in Person to
THE EMPLOYMENT AND SELECTIVE SERVICE OFFICE
174 Spadina Avenue, Toronto—File 629-M

INCOME STOPPED

JUST WHEN THEY NEEDED IT MOST

• From the size of their inheritance, you'd have thought they were well off. Actually they were in serious need. Before they could touch a penny of the estate, taxes had to be paid. This took cash, of which they had none. After long months, the property was sold at great sacrifice to meet taxes.

• Make sure *your* family will have ready cash when they need it most. One way to make this provision is to draw a valid, well-planned will and name the Crown Trust Company as one of your Executors. For all details write or call at our Trust Department.

Crown Trust Company

Executors :: Trustees :: Financial Agents
MONTREAL TORONTO

FOUR IMPORTANT BOOKS

by

Molyneux L. Gordon, K.C.

Digest of Income Tax Cases of The British Commonwealth of Nations. Published by The Department of National Revenue, Ottawa, 1939, with a foreword by C. Fraser Elliott, K.C., Commissioner of Income Tax.
Bound in buckram $3.00

Supplement 1937-39. Bound in buckram 4.75

Supplement 1939-42 (to be published April, 1943)

Digest of Excess Profits Tax Cases of The British Commonwealth of Nations, 1942. Bound in buckram 6.75

Any of the above works may be obtained at prices quoted, postpaid, on application to

THE FINANCIAL POST, TORONTO, CANADA

This week The Financial Post asks:

Should the German people be punished?

The Question:

"In dispensing justice after the war, should we distinguish between the Nazi leaders and the German people?"

J. K. Blair

Arthur, Ont., M. P. for Wellington North.

In my address last night I said the prayer on the cross for the masses holds good and vengeance is mine. "I will repay," says the Lord of Hosts. That still stands, but punish the Nazi leaders as a deterrent to others. Pass them through an international court with wide publicity and include some professors of colleges.

Have an international court supported by a large international army having full control of ammunition and arms. International barriers should be lowered in trade and migration, religious tolerance maintained and price control retained on a five per cent basis. Punish the leaders, as man in unopposed authority is the most inhuman of all God's creatures.

* * *

H. H. Blakeman

Empire Life Insurance Co., Kingston.

While the German public is largely responsible for the power accorded its leaders, the solution of this problem would be determined by the end to be achieved — namely a permanent peace — and the limitations imposed by practical considerations other than an army of occupation together with political and economic control.

During a period of organization the only punitive measures feasible of application to the German people generally, and capable of affording to the united national prospect of a long term settlement seems to be division of the country into independent states combined with political conditioning by educational processes. For Nazi leaders and known perpetrators of brutal acts, a dispensation of justice parallel to our own administration of criminal law would serve as an example and restraining influence for the future. I would concur in the views on this point recently expressed by President Roosevelt.

* * *

E. P. Brown

Editor, Maple Leaf, Gilbert Plains, Man.

Nazi leaders are all opportunists. They seized the government of Germany at a time when the German was weak in his deliberations. Undoubtedly smart, they encouraged the young people of the nation to follow a new order. It grew and spread to the home, engulfing most of the parents of these young people.

It has always been the opinion of the German that Europe should be controlled and governed by Germany. That idea has grown now to include the entire world. The German people at the outbreak of war definitely thought that they were best qualified to rule the world. There is no doubt that German people are collectively as bad as their leaders.

* * *

R. H. Cronyn

Director, Huron & Erie Mortgage Corp.

The Nazi leaders and their backers—the industrial and financial interests in Germany and elsewhere—are morally responsible. The German people as the unwitting victims of propaganda—no more sinister than that to which we were subjected during Russia's attack on Finland—are politically and socially guilty. Justice demands a distinction between the responsibility of the two groups. But unless those dispensing justice are guarded by Christian principles and not by revenge the sufferings and sacrifices of today will have been in vain, leaving little hope for a bright tomorrow.

* * *

L. W. Cumming

Editor, Fraser Valley Record, Mission City, B.C.

In dispensing justice after the war death should be made the penalty for starting war. War is always started by someone, whether it be a king, prime minister, president, dictator, or the vote of a senate. Adolf Hitler and his Nazi accomplices, having brought this conflagration of Mars upon the world, should be obliterated into utter oblivion so that no hero worship could accrue to them in future ages. On the other hand the German people should be cordially welcomed into a new league of all nations born after the war, determined to banish all wars forever from a wartorn and war-weary world.

* * *

Sir Robert Falconer

Former president, University of Toronto.

Nazi ringleaders, in the ghastly cruelties which they have been inflicting on civilians of occupied countries, have made war, which is always horrible, far ghastlier for humanity. After our victory they certainly should be brought to justice and where convicted, should be dealt with as criminals. Their inhumanities cannot be treated as merely incidental to the prosecution of war. We have no evidence that the German people as a whole know about them and that they would approve them if they did know. A whole nation cannot be dealt with as criminals. They will suffer the consequences of defeat and economically and morally these will be disastrous for them.

* * *

James Greenblatt

Editor, The Sun, Swift Current, Sask.

As a veteran of the last war and of Jewish faith, my justifiable reaction is to make them all suffer, Nazi leaders, German people alike. But the long term view of permanent peaceful civilization we seek must temper the present twisted judgments. If we destroy any good left in the German people by mass punishment, wars are certain to recur. The United Nations must pile up dossiers of guilty Nazi leaders and henchmen and think up a fate worse than death for them.

The German people must definitely pay, but not like the last postwar fiasco. The victorious united League of Nations should, if necessary, forcibly inoculate the young generation with an educational programme to rid them of the Nazi poison. Hitler accomplished it through the young and we can and must.

* * *

Hon. J. D. Hyndman

Treasurer, League of Nations Society of Canada, Ottawa; Rentals Administrator, W.P.T.B., Ottawa.

Although I am of the opinion that there are many Germans opposed to Naziism, nevertheless the great majority of them are in full sympathy with the policy of aggression, oppression and cruelty of Hitler and his gang of cutthroats. While individual punishment of the severest kind must be meted out to the known leaders and their immediate aiders and abettors, such could hardly be applied to the population generally. But the German people, under humane conditions, might reasonably be drafted to labor in devastated countries to repair physical damage in cities and the country committed by the Axis armies. This is a personal opinion only.

* * *

H. Tilston-Jones

Garden City Times, Magrath, Alta.

You can't blame the German people for the acts of the Nazi leaders. The leaders have had the education of the youth under control for over a decade. The mind of the German youth has been molded in the German ideology. The Nazi leaders and all they stand for must therefore be destroyed. We believe it is our task to remove this Nazi bondage and reteach the misled people and show them as well as ourselves the way to social security.

* * *

Walter R. Legge

Publisher, Granby Leader Mail, Granby, Que., and president, Canadian Weekly Newspapers Association.

Something must be done to convince the German people that worshipping fire-eating warlords will never do them any good. Some severe penalty will be needed to make them realize this.

* * *

Dr. Norman MacKenzie

President, University of New Brunswick, Fredericton, N.B.

Two things only concern me in this connection:

1. Will the proposal help us win the war?

2. Will it help to prevent a reoccurrence of such a catastrophe?

I believe the Nazi leaders should be punished not only for what they have done to us but against all humanity, including many Germans. Care should be taken, however to prevent them from becoming martyrs.

Formal trial and punishment of the German people seems impracticable. The threat of it may well prolong the war. It will be difficult to carry out and is likely to increase the probability of another war of revenge in the near future. The German people will suffer and suffer terribly as a natural result of the war and of defeat. We should direct all our energies in a positive way to ensuring that it can never happen again.

J. M. Macdonnell

President, National Trust Co., Toronto, and a vice-president Canadian Institute of International Affairs.

I believe a clear distinction must be drawn between our treatment of the Nazi leaders and of the German people. Retributive justice will demand that the Nazi leaders be punished as men past repentance and of whom no good thing can be expected. The German people, too, must suffer for having tolerated such leaders. For one thing they must be kept in a state of military tutelage for years—perhaps for a generation. But surely if we ever hope for a sane world we must treat the German people in the hope and belief that one day they will repent and re-enter the ranks of civilized human beings. Moreover, in practice no other kind of treatment is really possible.

* * *

Dr. R. A. Mackay

Professor of Government, Dalhousie University, Halifax, N.S.

I strongly favor distinguishing between Nazi leaders and German people for purposes of punishment. The distinction is sound morally and is regularly recognized in case of organized balance within the state such as rebellion. It would encourage internal opposition to the Nazi regime and would have military advantage. It would be a precedent of immense value in dealing with disturbers of world peace in future. Lesser civil and military officials responsible for decisions in commission of war crime, such as shooting hostages, should also be punished individually.

* * *

Hugh J. McIntyre

Editor, Saanich Review, Sidney, B.C., and president, B. C. Division, Canadian Weekly Newspapers Association.

Yes, as between Nazi leaders and German people not responsible for Nazi crimes. No, where Germans are in sympathy with and of their own free will have aided and abetted Nazi carrying out of murder, brutal suppression, etc. I would suggest that names of such Germans be compiled and added to the list of notorious Nazi leaders for trial after the war. If we are to avoid another war in 20 years or less the arrogant, brutal younger Nazi should be put under observation for an indefinite period or until such time as a new outlook on life is acquired.

* * *

T. R. Osborne

Editor, News, Medicine Hat, Alta.

Punishment should fit the crime but some distinction should be made between the Nazi leaders and the German people. How far that distinction should go depends upon the seriousness of the operation required to eradicate from our civilization the cancerous growth of Naziism.

The German people must be disciplined and controlled after the war as they are today, but from an entirely different viewpoint. These people have for so many generations been subjected to regimentation, and anything less severe on the part of the Allied Nations after the war would be disastrous. The task will be to find a path of justice tempered with mercy. Those entrusted with this tremendous responsibility should be guided in no small measure by the past record of the German people. Blind hatred and wrath never has nor never will accomplish any lasting good.

* * *

P. J. Philip

New York Times Ottawa representative, war correspondent in Europe until fall of France, well-known speaker on war problems throughout Canada.

The effort was made at the end of the last war to distinguish between the German leaders and the people with what would seem now to have been disastrous results. We encouraged the people to get rid of the monarchic system, then discouraged their ef-

(Continued on page 11)

An urgent appeal

to every Canadian Employer

YOUR HELP IS NEEDED TODAY to deliver a smashing blow to the enemies of democracy—to help put Canada's $750,000,000 Victory Loan over the top.

First, *you* and *your firm* are asked to invest every possible dollar in Victory Bonds. Next, you can perform a tremendously important duty by helping to organize your staff.

Here are the facts:

Purchases of the forthcoming issue of Victory Bonds by wage earners and salaried workers is *all-important* to the success of the Victory Loan. In some families three or more people are now steadily employed. Therefore a much larger participation in the loan is necessary by all wage and salary earners.

Compulsory savings are expected to yield only about 5% of the amount to be borrowed this year.

More than 800,000 employees invested in the last Victory Loan through the Payroll Savings Plan. The objective this time is to get at least *one and a half million* to buy the new Victory Bonds; either with cash they already have in the bank, or on the Payroll Savings Plan out of their future earnings.

Representatives of the National War Finance Committee will call on every employer to outline the Payroll Savings Plan. This outstandingly successful plan is clearly outlined in a practical Plan Book. It will help you to give your people the cooperation and encouragement needed to win a clear-cut victory on your own front.

When the representative calls on you, give him a good reception. The job must be done. With your all-out help it *can* and *will* be done.

Nothing matters now but Victory!

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NATIONAL WAR FINANCE COMMITTEE

L-30

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Family Herald and Weekly Star
CANADA'S NATIONAL FARM MAGAZINE
MONTREAL CANADA

War Is Costing Canada $6.9 Millions Daily

September War Costs 135% Over Year Ago; First Half Dominion Deficit Totals $948 Millions

In September Canada spent on war $207.3 millions, or $6.9 millions a day. This was exclusive of a $60 millions installment on the billion dollar gift to Britain. September's war expenditures represent an increase of 135% over September, 1941. For the first six months of the government's fiscal year, war costs totalled $1,760 millions, an increase of 126% over the same period of last year.

September government revenues of $162.3 millions compared with expenditures of $318.9 millions, leaving a deficit on the month of $156.5 millions. In September, 1941, revenues were $106.8 millions and expenditures $113 millions, for a deficit of $6.2 millions.

Accounting for much of the increase in September revenues was a rise in income and excess profits taxes to $85.3 millions from $37.2 millions. Ordinary expenditures were increased by provision of $14.2 millions as compensation to the provinces in connection with the taxation agreement, and a jump in interest payments on public debt to $16.1 millions from $1.8 million in September, 1941.

Six-month Showing

In the first six months of the current fiscal year the Dominion had revenue of $1,068 millions against expenditures of $2,017 millions, leaving a deficit of $948 millions. This compares with revenue of $697 millions and expenditures of $676 millions for a surplus of $21 millions, for the same period of last year.

Revenues and Expenditures
September

	1942	1941
	$000	
Revenue:		
Customs	9,379	12,436
Excise duties	11,822	10,068
Excise, sales taxes	42,939	39,405
Inc. & E.P. taxes	85,341	37,236
Post office	3,300	4,040
Sundry	8,307	3,563
Special	1,304	144
Total	162,394	106,893
Expenditures:		
Ordinary	49,694	20,401
Transport	400	351
Relief	1,512	3,374
War	207,314	88,366
U.K. War Fin.	60,000	......
Other	34	88
Total	318,955	113,081

Six Months Ended September

	1942	1941
	$000	
Revenue:		
Customs	59,983	66,250
Excise duties	64,209	52,121
Excise, sales taxes	219,582	201,269
Income and E.P. taxes	672,023	343,522
Post office	20,740	19,753
Sundry	28,914	14,354
Special	3,365	488
Total	1,068,817	697,758
Expenditure:		
Ordinary	254,392	170,287
Transport	1,643	1,535
Relief	6,382	7,447
War	1,121,928	496,613
U.K. War Fin.	632,500	......
Other	258	384
Total	2,017,104	676,237

Canadian War Industry Tackles Three Shortages

Neil Petersen

General Manager and Director, Canadian Acme Screw & Gear:

The government decision to operate a certain number of plants on the management-fee basis can now be definitely judged on the basis of performance and great saving absolutely established. It can now be reported that an investment of $5.3 millions will be definitely amortized over 12 months' operations. If the war continues beyond the 12 months required to amortize the plant, the ammunition components will be available at a price 60% below the price paid in 1941. Over a full year's operation after the plant is amortized in the volume now scheduled, the government manufacture of one component alone will show a saving of $5,616,000.

N. P. Petersen

An unsuspected reservoir of men and women exists in our individual plants and these people could be released for other work by careful and scientific time study.

• • •

J. G. Notman

Manager of Manufacturing, Dominion Engineering Works:

(Describing the application of modern North American machines and industrial techniques to the manufacturer of a gun at one Canadian plant, Mr. Notman said:)

The time for a gun is now less than three hundred hours compared to the manual time of 1,500 hours. A recent check of a time indicates that the time required is now closer to 250 hours rather than 300. Figures change so much so far as this particular job is concerned that certain machine tools which were considered necessary six months ago are not now required.

J. G. Notman

Ten examples (of savings) have been taken to show an annual saving of manufacturing cost of $526,300 per year, a net saving in capital expenditure of $520,000.

Comparing results of the operation of this plant, the original manual figures show an annual saving of $8 millions per year, and a saving in capital expenditure of $15 millions if we had produced the machine tools called for in the manual. Each one of us will be notified in the near future as to just what our production rate is to be. Management policy should then be to reach this production rate in the shortest possible time, continue to increase productivity of the workers by improving tooling methods, eliminate machining by redesign of products where possible, reduce the amount of machines by using improved forging and redesign jigs and fixtures to incorporate quick-change ideas so that operators in the line can be kept fully occupied.

Plant managements in deciding on equipment to produce a certain product at a particular rate, based their judgment in some cases on manuals prepared by arsenals and manufacturers in England, and in some cases on studies from first principles. When the fact that to 90% of the manufacturers of this country, the manufacturing of munitions of war was an entirely new undertaking is considered, coupled with the fact that nobody knew just how our labor-training schemes would work out, it is not to be wondered at that most plant managers have shown some reticence in admitting that some excess capacity exists in their plant.

Once management knows just what production is to be expected as a maximum in their particular product it is definitely in the best interests of Canada that all available working hours and various types of machines of which there are now some 35,000 new tools, be reported back to central office.

write for **Booklet**

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of the Act in language a layman can understand; illustrated with practical examples of how duty is calculated on estates and trusts. Special chapter on the Gift tax.

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The
Shareholder

Students of the stock markets are obviously encouraged by recent moves which, in their minds, established the long-term trend of the stock markets as upward. One comment on this basis holds that no technical indications have yet been seen suggesting termination of the current move. It is emphasized, however, that any uptrend can be interrupted by rather disturbing swings of an intermediate character. The lesson from this is that strength accompanied by a general public enthusiasm may be an occasion for caution and points to the desirability of making judicious sales should the current move continue to gain momentum.

• • •

British stock markets have been moving up for a number of weeks, accompanied by virtual stability of fixed interest stocks. There is, states The Economist, a long way to go before anything approaching prewar relationships between indexes of industrial stock and fixed interest securities is restored. It goes on to point out that:

"The general run of the figures does suggest that effect of vesting orders, on the one hand, and of special taxation of company profits, on the other, have been exhausted. Failing the adoption of any fresh expedient, not so far in view, it is probable that longer-term movements in market values will conform to a new set of values. Instead of the rise in equities being brought about by a fall in the rate of interest, as used by engineering special demands for certain types of fixed interest stock, equities will rely more and more on postwar values for their attraction. This means that the classic picture of a rise in equities going hand in hand with falling fixed interest stocks is a distinct possibility. There is, however, little sign as yet of any movement to transfer substantial sums from the latter to the former. That is scarcely likely to come until it is possible to place a term to the duration of wartime controls."

Savard and Hart Admits New Partners

From Our Own Correspondent

MONTREAL.—Raoul N. Trudeau and Lucien R. Hebert have been admitted into partnership in the firm of Savard & Hart, members of the Montreal Stock Exchange. The business will be continued under the same firm name.

The
Bondholder

Early Victory Loan response this week indicated somewhat heavier corporation subscriptions than in the Second Victory Loan. Whether or not this condition will continue remains to be seen but it is to be recognized that the success of the Third Victory Loan will not be achieved through the large subscriptions of corporations but through the thousands of smaller investments coming from the payroll deduction plan, personal savings accounts and farmers' Victory tickets.

To put over the Victory Loan will require a daily sale of $41.7 millions for the 18-day campaign.

Need for the Loan was highlighted this week by publication of Canada's war costs in September. This amounted to $207 millions, exclusive of the $60 millions gift-to-Britain installment; which means that at the rate of September spending the objective of the present loan could carry on the war for only a little over 3½ months.

B. C. Pulp & Paper 7% general mortgage bonds were an exception to the trend of the general paper group to climb to around 105 bid. This represented a gain of a point on the week and about three points since the start of the month. Bond traders ascribe the buying interest to expectation of an interest payment by the company. The company made a payment last Dec. 29 of a full year's coupons. There has been no official indication so far of a repeat performance this year.

• • •

Canadian Locomotives at 94½ are about 1½ better on the week. It is understood that railway equipment companies in Canada will not accept any further orders for such equipment after those now in hand are cleared, due to the shortage of material. However, straight war business should keep them fully occupied. Canadian Locomotive profits so far this year are understood to be running at a higher rate than a year ago. Capacity operations are believed to be continuing.

• • •

London, Ont., has the lowest per capita debenture debt in Ontario at $55.54, according to a survey by the Ontario Department of Municipal Affairs. Ottawa is in second place with $77.68. Hamilton has a per capita debt of $118.29; Toronto, $148.99, and Windsor, $276.65

• • •

On refunding Dominion 5's of 1952 the Wall Street Journal comments:

"Judging from recent market action of Dominion of Canada 5's, 1952, it would appear that there has been a growing disposition in investment circles to believe that nothing is contemplated for the immediate future in the way of a refunding operation affecting the issue. These bonds now are quoted at around 102, as compared with the figure of par and accrued interest at which they are callable on 60 days' notice. It is evident, of course, that Canada could refund the $100 millions of 5's in the United States market on a basis permitting a large-scale saving of interest; the chief question now seems to be when this will be done."

Market Opinions

Caution, perhaps temporary, reappears in most comments this week. This emphasizes the old idea that some reaction should follow a long-term advance such as has taken place since last April.

Barron's, N.Y. (The Trader)—If the biggest open market operations since the outbreak of the European war . . . . are any criterion, money is to be kept easy for the duration. Whereas the appeal of liquidity for the investor shows no increase as the war moves into its fourth year, the higher yield obtainable from common stock becomes more attractive as it becomes more certain from the complexion of the tax bill. The stock market may well be vulnerable in view of the extent and length of its rise from the April lows, but the long-term risks involved in too conservative an approach to the investment problem are just as marked as six months ago.

Toronto S. A. Campaign Exceeds Objective

Collections and pledges received in Toronto district in the Salvation Army Red Shield Home Front Appeal, recently closed, totalled $139,096, according to H. D. Burns, chairman of the Toronto Campaign Committee. The Toronto objective was $135,000.

This result was achieved, Mr. Burns noted, although workers were fewer than usually available owing to other similar drives and general conditions.

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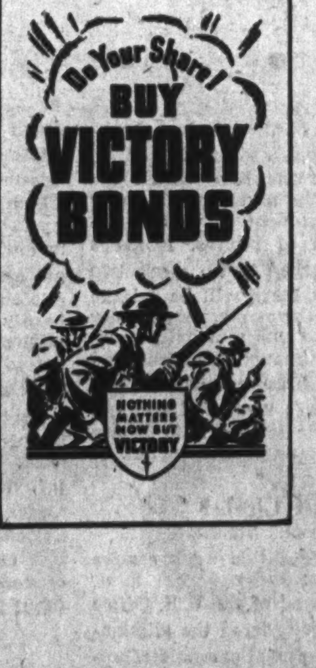


KEEP THE BATTLE MACHINES SLUGGING

OUT on the fighting fronts our boys are giving all they've got to win this war. Those of us back home must do everything we can to back up their sacrifices. We must *go the limit*—work harder, save every cent and every dollar we can spare. We must go without everything not absolutely necessary. We must lend every possible dollar to buy the planes and tanks, the ships and guns our fighting men need.

That's why all of us are being asked to make the best of all wartime investments—VICTORY BONDS. Buy as many as you can, as often as you can . . . for NOTHING MATTERS NOW BUT VICTORY.

INTERNATIONAL HARVESTER COMPANY
of Canada, Ltd.
HAMILTON, ONTARIO

INTERNATIONAL HARVESTER

The Editorial Page . .

All Surplus Into Loan

The main point about the Victory Loan which must be got over to the Canadian public is that the $750 millions objective is a minimum goal only. The final amount should be every surplus dollar in the Dominion. If that is accomplished, our money does double service—we finance a large share of the war as we go and we remove these surplus dollars which go after non-essentials, constantly threaten higher prices for essentials and which are the cause and fuel of inflation.

The dollars we put into the loan buy munitions and machines, pay for maintaining troops. And after those munitions have finished their work, these dollars will come back to bring us peacetime goods. By spending them, we will then be creating employment and achieving the gigantic task of readjusting Canada to peace.

The dollars that too many of us are tempted to spend on non-essentials today, compete directly with the war effort. They use up essentials that are urgently needed in the fight against Hitler.

The more bonds we subscribe for now, the more self-sacrifice we can make now, the sooner victory will be ours, the sooner a better, happier Canada will be born for the new era of peace.

The Caribou Disaster

Between the waiting Nazi submarine and the steamer Caribou, there was nothing but brooding night, and that night 137 men, women and children, Americans, Newfoundlanders and Canadians died.

In her job, the Caribou had been carrying thousands of people—soldiers bound for the defense of Newfoundland, workmen to build those defenses, civilians. It hauled thousands of tons of food for an island whose climate and soil make the importation of food necessary. The Caribou was a vital link in communications between the mainland and the island of Newfoundland which today has a place of prime strategic importance. Cabot Strait is the road along which Nazi subs detach themselves from their wolf packs to strike down the St. Lawrence. Yet the Caribou sailed without adequate escort.

Newfoundlanders have for months been saying that the Nazis would "get" the Caribou eventually. They well knew the dangers of the Cabot Strait crossing with subs on the loose.

When another ship, specially equipped for the ice conditions which are met some months of the year, is put on this vital run, presumably it will get adequate and careful guard. The loss of 137 lives is a pretty expensive demonstration of that need. Charges being made by some survivors about lack of precautions deserve searching analysis.

Carrying Out a Duty

After long and careful research the Winnipeg Free Press recently published three solid articles on the development of British and Canadian army organization. It capped those articles with a sizzling hot editorial in which it scourged and condemned to outer darkness those responsible for Canada's present military set-up. Said the Free Press:

> "We now have in this country complete dominance of the professional soldier mentality in army organization and thus the inevitable results are now upon us—clogged, inefficient administration."

In investigating this situation and in stating bluntly what it believes necessary for successful prosecution of the war, The Free Press is well fulfilling its duty and responsibility.

But The Free Press either scorns its own preaching or it would deny to all others exercise of the same duty and responsibility. Here is a sample of the vegetable matter The Free Press delights to hurl at The Financial Post:

> "The reader of The Financial Post, if he sticks to its excellent news columns, will get a very good idea of the magnitude and efficiency of the Canadian war effort; but when he turns to the editorial columns, he will learn that everything is at sixes and sevens, that nothing is ever done right and that Ottawa muffs all its chances. The habit is now fixed and presumably will go on until the end of the chapter."

There has been no conflict between The Financial Post news columns and its editorial policy. Canada is accomplishing much. We are catching up on the enemy. But the fact that we have not yet launched a so-called "second front" is clear indication that we have not yet surpassed him. This shows how much more there is to be done.

When we are so close to an all-out effort, it is obvious that only the most efficient use of all men and of every material and of every energy will enable us to put forth the supreme effort that is necessary. It is important, then, that every weakness be brought to light in order that it might be corrected.

This The Financial Post has not hesitated to do since the beginning of the war. Never have we minimized Canada's great effort. We have sought merely to achieve the highest possible for that effort.

That is the single aim of every well-edited, courageous newspaper alive to its responsibilities to its readers and to the nation.

The Financial Post's Platform For War

1. *Effective mobilization of all resources, materials, productive capacity and manpower, without reservation, for an all-out war effort.*
2. *A national cabinet, representative of all loyal groups, and consisting of Canada's ablest brains.*
3. *An inner war cabinet, free from departmental duties, to plan the nation's war effort and to see that the plans are carried out.*
4. *A non-political industrial executive to organize and direct procurement of war supply.*
5. *Pay-as-we-go policy, to the very limit consistent with an all-out war effort, to avert inflation.*
6. *Elimination of wasteful spending by public bodies or private individuals.*
7. *A national programme for postwar Canada, providing for fullest possible employment and improving social standards, through free competitive enterprise.*

Madame Casgrain's Narrow Plea

Madame Pierre Casgrain, wife of the former Secretary of State and who is now a judge of the Superior Court, is running as an independent Liberal in the by-election to be held in Charlevoix-Saguenay at the end of November. Mrs. Casgrain has charm. She is well educated. She is widely travelled. As a representative of French-Canadian women, she has impressed many English-speaking audiences with her ability. She, probably more than any other woman of her race, should have a thorough understanding of the issues involved in this war.

Saying she will support the government in "good measures," but then, classing herself as a "Canadian patriot," she says:

> "If I have the honor of being elected I will combat energetically all attempts to put into force the conscription law for overseas service. And more, if it is proposed to repeat this too onerous gesture, I will oppose all presents of money to a country whose pecuniary resources are greater than those of Canada."

Madame Casgrain adds that she is of opinion that her compatriots are not receiving their share of offices suitable to their number, their stabilizing force, their natural wisdom and the part they play in the progress of Canada.

Those who have looked to Madame Casgrain to give leadership to the women of her race and province, will be disappointed in this manifesto. It reflects the thinking of a narrow provincialist. It reveals a petty isolationist spirit, for how could one in her position so misconstrue the "gift" to Britain? Obviously Madame Casgrain is not working for the good of Quebec nor of the Dominion when she sponsors a political platform seemingly designed to secure political support for the furtherance of personal ambitions.

For Better Nutrition

In this issue, The Financial Post reports on the National Nutrition Programme that will get under way in January. In such campaigns there is at times a tendency to await all inspiration from government sources and leave support for the campaign largely to those companies which have a direct interest in the food business.

The National Nutrition Programme deserves the support of all Canadian trade and industry. It will need that support if it is to have an appreciable influence on the diet and health and war-winning capacities of the Canadian public. No short-lived splurge can hope to put over this important effort. To instil in Canadian minds the conception of eating our way to greater energy and health, will require a persistent, long-term campaign.

All that provides a good basic diet is produced in quantity right in Canada. The "protective" foods are not outlandish concoctions; they are foods that practically everyone enjoys and that all can afford. Enjoyment is the "Vitamin X" of any diet.

How deficient the diet of most Canadians is, is shocking in view of the quantity available and the high standard of living of which Canadians so proudly boast.

An eat wisely campaign of one or two years will be a tremendous contribution not only to victory but to a better Canada afterward.

Life, Luce and Politics

Editor Henry Luce and his associates on Life Magazine claim that their ill advised and presumptuous letter "to the people of England" has been misunderstood. "The fault," they say "was partly ours for not having said what we meant as clearly as we should have."

One might assume from that explanation that the Life letter was a hastily prepared, almost extemporaneous message. Clearly, it was a prepared formal statement, undoubtedly revised several times. It was published in a feature position in the magazine.

The retraction does little or no good. Sand thrown in the delicate machinery of Anglo-U.S. unity does its damage despite a prompt effort to remove it.

Washington has long heard the rumor that dashing, debonair and didactic Mr. Luce looked forward to a political career with the White House itself his goal. It was presumed his wife, playwright Clare Boothe, would follow Mrs. Roosevelt in writing a column like "My Day."

Now that Mrs. Luce is running on the Republican ticket in Connecticut, the wags have it that the Luce's have switched plans to making Clare president, with Henry writing "My Day."

The judgment he has shown in his open letter suggests he might not be so sound doing either job.

The Postwar World . . .

In this department The Financial Post notes current comment, opinion and research on the world that will face us after the war has been won.

The Reconstruction Period Is Here Now

Last week at the University of Toronto, Dr. R. H. Coats, founder and former head of Canada's internationally famous Dominion Bureau of Statistics, led off a series of 10 lectures on Canadian reconstruction after the war. The University plans to publish the series in pamphlet form.

Dr. Coats' subject was The General Economic Setting. After reviewing the present position of various industries and factors he stressed the postwar problems facing each and indicated possible development. Below is a brief digest of this phase of Dr. Coats address.

AGRICULTURE—New markets through new world realization of the benefits from proper nutrition, especially from greater consumption of "protective" foods. Expanding demand for prepared, dehydrated foods. Greater production of industrial farm products, i.e., strawboard, oils, alcohol, etc.

Regarding wheat Dr. Coats suggested that "We must count on yielding part of the United Kingdom market. But this will be more than offset if through the peace treaty the western European continent gets off on the right foot agriculturally and does not return to subsidized wheat at $2 a bushel for what it could buy from us for half and then give us a better price than we have seen for decade with all our bonuses . . . . Meanwhile we exporting countries should get machinery going not only for relief wheat, but for some reasonable control of those almost continuous excessive accumulations, with their train of subsidies ending in our giving our wheat away."

FORESTRY—"There should be a definite portioning of lands between forestry and farming. Long term policies should be laid down and adhered to . . . . a lot of new capital work promising considerable postwar employment is called for on new woods facilities."

MINING—"We should be prospecting vigorously looking to the end of the war."

MANUFACTURERS—"A tremendous postwar scarcity of consumption goods can, of course, be prefigured—shipping, aircraft, land transport, motor cars, radios, refrigerators, stoves, canned goods, etc., etc. For this we will have a much more highly skilled labor force after the war."

CONSTRUCTION—"Canada has no rebuilding of devastated areas—yet . . . . But our cities need not be destroyed to be replanned."

TRANSPORTATION—"Air transportation has a future concerning which we need not worry." Dr. Coats also predicted substantial postwar development from the opening of transport links through British Columbia to Alaska.

TRADE—"A census of merchandising and service establishments taken last year will visualize what we have left behind and tell us what control means, and what we want or do not want to return to."

EMPLOYMENT—"Let us not forget that it is a problem in labor fluidity and transformation, not merely of creating jobs. We have better machinery for all this now—creaking as yet, but improving."

IMMIGRATION—"Our policy on population should be flexible, but flexible only to scientifically ascertained conditions, not to interested propaganda."

Other People's Views . . . . . .

The Canadian Editorial of the Week

The Question of Reprisals

Winnipeg Free Press

The policy of reprisal which has been adopted in the treatment of British and German prisoners of war raises issues which are worthy of the most cool-headed and objective consideration. Among the enormous assets possessed by the United Nations, apart from our rapidly growing material strength in the air, on land and on the sea, is the moral driving power behind us. We, as we prepare for battle, represent to hundreds of millions of people everything that those people hold dear to themselves, the concept of liberty, the long tradition of noble religions, no matter how various our creeds may be, the recognition of the supreme value of the individual.

None of this is possessed by our enemies. Theirs is the crude, savage doctrine of ruthless conquest which, it must be said, they do not disguise. Their basic doctrine is founded upon the complete obliteration of the individual and the raising up of an order which holds out no hope to the oppressed peoples now lying under their yoke.

Do we, in these circumstances, strengthen our position by stooping to the enemy level? Are the possible gains in such a course—and gain there well may be—greater than those which we would get by maintaining even in the face of repeated provocation the standards of human conduct which we declare to be our major war aim?

We do not envy those whose dreadful duty it is to decide upon a policy upon which, perhaps, the lives and fortunes of many a soldier unfortunate enough to have fallen into enemy hands may rest. But the decision as to policy must rest upon the fullest consideration of every element in the situation, and upon the principles of reason and morality rather than any narrow appeal to vengeance.

. . .

As Others See Us . . .

Conscripting of Wealth

Midland Free Press

There are some facts everyone should know about business profits. Every man or group of men who is operating a business is not making money. There are hundreds of them who are losing money. They are not as well off as their employees, for Mr. Ilsley has intimated that their businesses are doomed to disappear as non-essential to the war effort.

Some things the Canadian public does not know about Canadian business are told by The Financial Post. First is that business organizations last year paid more to the government in income taxes and excess profits taxes than there was left to be distributed among company shareholders. The taxes they pay have increased 269% while their profits have gone up only 3%. And from now on the government will take from every company 100% of its excess profits.

The government has been much bolder in conscripting wealth than it has manpower.

. . .

Ottawa Rabbits

Vancouver Sun

According to the reliable Financial Post, the small boy who enquired at the Federal Department of Agriculture on methods of keeping rabbits is no more. But the man who was once a boy is still receiving literature from the Department of Agriculture concerning rabbits which he has almost forgotten. The man is on the mailing list and he must hear about the latest theories on the keeping of rabbits whether he wants to or not.

There is a parable here which the Canadian people should observe. Our machine of government is well represented by a pen of rabbits. It keeps multiplying. Where there are two bureaucrats today there will be a large family of them tomorrow. Apparently there is no end to this multiplication—and some of the bureaucrats are engaged in sending out literature about rabbits to people who don't want and will not read it. Our public service is becoming one vast and teeming rabbit warren.

. . .

Vicious Circle?

St. Catharines Standard

The Financial Post this week carries the following note:

"Elmer Davis, head of the U. S. Office of Information, has ordered the elimination of almost 250 official pamphlets, bulletins, handbooks, etc., and the curtailment of many more. This is a move which Charles Vining, recently appointed to handle a similar bureau in Canada, might well consider.

Like Washington, the Dominion Government has sponsored the publication of a wide range of official literature. These run all the way from single multigraph sheets dealing with some small phase of farming or housekeeping, to expensive and bulky blue books."

Every newspaper office in the country is conscious of the tremendous waste in energy, material and sometimes, but not often, in ability, in getting out Dominion Government literature. It goes, hardly without variation, to the old wastepaper basket, and as such is converted into new paper, and then fires back again in the same old spot.

Davis, at Washington, is a hard-boiled practical newspaper man and knows his stuff. The wasted energy of this country, and no doubt that of the United States too, is a poor commentary on all-out effort.

If Ottawa ever reaches the practical economy stage, there can be at least a shout for victory on the Home Front.

. . .

Sayings of the Week

"In my judgment, Germany will never conquer Russia."—*Wendell Willkie.*

. . .

"There won't be much need for colleges if we don't win the war."—*U. S. Secretary of War Henry Stimson.*

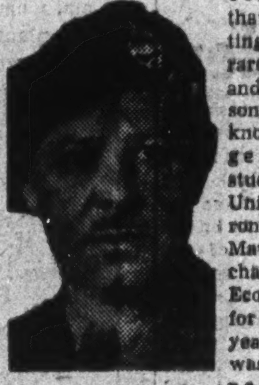
Cartoon by Grassick.

STOPPAGES ON THE ASSEMBLY LINE AND THE RESULT.

Post-Scripts . . . . .

D. M. G. Ordnance

Brigadier Wilfrid Mavor, M.C., who has just been appointed Deputy-Master-General of the Ordnance, has proved by his career the unreliability of the common thesis that able and distinguished men rarely have able and distinguished sons. His father, known to several generations of students in the University of Toronto as "Jimmy" Mavor, held the chair of Political Economy there for nearly 30 years. Not only was he an eminent economist whose book on the Economic History of Russia was long a standard authority, but he was a great character and a very popular figure in the social world of Toronto and outside it.



BRIGADIER MAVOR

So it was in Toronto that Wilfrid Mavor was born in 1893 and for some mysterious reason in his boyhood he was given the nickname "Smoot," which has adhered to him ever since. He was sent to Ridley College for his early education and from it proceeded to the Royal Military College at Kingston, where he was when the first Great War broke out. He at once volunteered and went overseas as a lieutenant in the 15th Battalion of the C. E. F., recruited by the Toronto Highlanders.

In France he proved himself a first-rate fighting soldier. At the second battle of Ypres he was gassed and was the only officer of his company to survive, and a few weeks later, leading his platoon at Festubert, he was wounded and won the Military Cross. Returned to Canada for recovery he joined the 92nd Battalion, also recruited by the Toronto Highlanders, and when he got back to Britain, reverted from the rank of major to that of subaltern to rejoin his old battalion. Again wounded, this time at Hill 70, he was returned to Canada for a second time, but he was determined to see the war to a finish. After commanding and training a university company in Toronto for a period, he contrived to find his way to Britain for the third time in 1918 and secured a place in the Canadian Tank Battalion, which however did not complete its training in time to see action. Thus Wilfrid Mavor emerged from the war with a fine fighting record and there were few more popular figures in the Canadian army.

For some time after the war he was rather at a loose end, but a chance encounter on a train with a travelling American provided him with what turned out to be a highly profitable scope for his abilities and energies. This gentleman was one of the directing spirits of an important American corporation, the Ferro-Enamel Co. of Cleveland, and he happened to be looking for some competent young Canadian to take charge of its interests in Canada. He took an immediate fancy to "Smoot" Mavor and, when he offered him employment, it was at once accepted. Mavor soon showed a marked aptitude for the business entrusted to him and, making his headquarters in Ottawa, he expanded it with great success.

His merits were fully appreciated in Cleveland and he was gradually given wider responsibilities until he came to combine the presidency of Ferro-Enamels, Ottawa, with the office of vice-president in charge of all the foreign business of the parent Ferro-Enamel Corporation. He was the organizer and director of subsidiary companies in Britain, South Africa, Brazil and other foreign countries, and after the war broke out he earned the deep gratitude of his chiefs by contriving to rescue from Amsterdam some $350,000 worth of funds belonging to his corporation just before the German blitzkrieg descended.

"Smoot" Mavor had by this time come to rank almost as a business magnate, but he could not reconcile himself to business activities while another war for freedom was raging. So he obtained leave of absence from his company for the duration of the war and in Nov., 1940, was appointed to the staff of the Canadian Armored Vehicles Training Centre at Camp Borden. There he did invaluable work and secured promotion to the rank of colonel. But officers who possess the same combination of military and business experience as Mavor are scarce as hen's teeth, and so Colonel Ralston recently decided that he should be employed in a wider field than training tank units and appointed him Deputy Master-General of the Ordnance, with the rank of Brigadier.

Brigadier Mavor is a short, stockily built man with an attractive face and merry twinkling eyes, and anyone who talked to him for five minutes would realize that he was a man of marked personality and ability. In Ottawa where he has now lived for many years, he is as popular as he was in the Army. He is married and the father of two daughters.

. . .

Half Century of Merchandising

Exactly 50 years ago a young Brampton (Ont.) grocer decided to write his own local advertisements. In a short time the sideline was his main interest and eventually he became an international authority on merchandising. Last week a group of friends honored him with a presentation at the National Club, Toronto. His name, familiar to Financial Post readers through his recent column "Keeping Posted," is John Campbell Kirkwood.

MR. KIRKWOOD

When his father died, Mr. Kirkwood took over his grocery business in the town of Brampton and in the seven years following he prepared 150 different advertisements for the town's three newspapers. At the turn of the century he realized his main ambition, and got connected with a publishing business in Philadelphia, becoming manager of the Cleveland branch of this concern in a very short while. A few years later he joined the staff of The MacLean Publishing Company, writing advertising copy and articles on advertising and merchandising.

In 1906, Kirkwood went to London, England, to be copywriter of the staff of the London Daily Mail. Quickly he made a name for himself as a good writer and a man of new ideas. Among his achievements was the initiation of a co-operative life insurance campaign which is said to have changed the style of life insurance advertising in Great Britain. Back in Toronto in 1911 Kirkwood became manager of the new Canadian extension of the J. Walter Thompson Agency.

When the first Great War broke out 28 years ago, there was a bit of a panic on the part of national advertisers. Some started cancelling advertising, fearing universal business disaster. Mr. Kirkwood's wise counsel during that period proved exceedingly helpful in correcting the situation. During the war Mr. Kirkwood again joined MacLean's and in addition to writing and planning advertising campaigns, he was editor of Canadian Printer and Publisher.

On the invitation of the Federation of British Industries, John Kirkwood went to England again in 1919 to produce the Federation's first Year Book. He was in Britain engaged in various important activities up until 1930 when he returned once more to Toronto to become editor of Marketing in Canada. He continued in that capacity for several years and later continued as special contributor. In addition, in recent years, he has contributed articles on many subjects to Canadian newspapers, including The Financial Post.

. . .

Spotlight for the Services

About the most important public relation job in Canada now falls in the ample lap of a chubby, genial and top-flight trouble-shooter named J. W. G. Clark. The "J" stands for Joseph. Apparently no one has felt it necessary to find out what the other initials mean. Research reveals that they stand for William Greig.

Originally, Clark came to Ottawa to do a public relations job for Hon. "Chubby" Power in the R. C. A. F. He organized as efficient a news service for the Canadian air force as any yet built in any country in any of the services. He stuck his short, and very tough neck, into a hundred different phases of the service in order to work out his fundamental philosophy that a real public relations job begins at home.

MR. CLARK

Col. Ralston got wind of the good job that was being done over in the Air Force. He asked Clark to set up a similar organization in the Army. For the past few months, Clark has been running this two-ring circus from a corner office in the old Laurentian Club building at the corner of Elgin and Albert Streets in Ottawa. On the right of his office is the Public Relations Directorate of the Air Force. On his left is the Army Public Relations Directorate. Behind him is a big, pivoted casement window which opens directly on to the street. If the "going" gets particularly bad from both the army and the air force flanks at once, Joe Clark is comforted by the fact that there is always his window for escape. Strangely, he hasn't had to use it yet.

Now, the Silent Service is to come under Clark's wing and three Directors of Public Relations appointed who will head up through him, as Director of Public Relations for the Department of National Defense. It is an important tribute to what has been accomplished already by bringing the two supposedly rival services under one directorate.

Like his father, the late Joseph T. Clark, editor of the Toronto Star, Joe Clark started life as a newspaperman. But the first Great War interfered. He went overseas with the infantry in 1915, transferred to the old Royal Flying Corps, got himself shot down no less than three times, ended up with a D.F.C. and the rank of Flight Commander. After the war Clark went back to the Toronto Star, later switched to advertising, first with George H. MacDonald, later to the Toronto office of Cockfield, Brown.

Stop Me If . . .

Two little English war guests who hadn't been in the country before set eyes on a pig. "Look, 'Erb," said the first to see the creature, "that's where we get our 'am from." "Don't be daft," said the other. "You ought to know that 'am grows, like apples." "Who told you that 'am grows?" asked the first, not being himself certain enough of the facts to boldly contradict his friend. "Nobody," came the answer, "but it said in the paper one day that some soldiers ran into an 'ambush!"

The Financial Post

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Just Like We Did In The Last War

"Remember how we used to buy War Bonds back in '18 — how we beefed and wondered how we could ever live, what with high taxes and buying Bonds — and how we thought we had said 'Good-Bye' to that money forever?

"Well, we managed to live all right — and the Government repaid us every cent — with good interest — and those Bonds proved to be as fine an investment as our own Dofasco fund. So now we're buying them again. And do we ever smile when we hear the young ones grousing about sacrificing to buy Bonds. Gosh, it isn't sacrifice at all — it's saving."

BUY VICTORY BONDS

THIS ADVERTISEMENT DONATED BY DOMINION FOUNDRIES & STEEL LIMITED, HAMILTON, CANADA

Stock-building in U. S. Nears End

Over 713,000 Tons of Newsprint Tucked Away

By JOHN E. LANGDON

MONTREAL.—American publishers last month tucked another 50,000 tons of newsprint paper into their reserve stock, which now stands at 713,656 tons, not far short of the all-time record set in Jan., 1938.

For 16 months publishers in the United States have been steadily adding to their paper reserves. Except for last April and May when there was a drawdown of about 15,000 tons, they have consistently added to stocks.

American publishers still have vivid recollections of how they got caught in the last war and had to pay as much as $112 a ton for newsprint. This time they are taking no chances.

Looking to Future

During 1940 receipts exceeded consumption by 42,260 tons.

This figure was boosted to 55,575 tons the folowing year.

For the first nine months of 1942 they added to reserves 192,148 tons.

The net gain since the outbreak of war totals 203,926 tons.

At present American publishers have on hand 66 days' supply. This is almost double the tonnage normally carried.

Near Record Reserve

The manner in which stocks have been added to or taken away since the beginning of 1940 is shown in the following table:

U. S. Publishers Newsprint Stocks (In tons)

	1942	1941	1940
Jan.	46,734	—19,199	5,132
Feb.	29,980	—10,828	—20,632
Mar.	31,556	—32,043	—41,407
Apr.	—12,356	—9,850	—21,553
May	—3,242	—2,508	11,409
June	19,428	10,409	35,256
July	9,030	48,733	76,196
Aug.	20,074	27,067	46,598
Sept.	50,944	16,229	—4,722
Oct.	.....	5,504	—14,156
Nov.	.....	14,446	—7,840
Dec.	.....	8,815	—12,001
Total	.....	55,575	42,260
9 Months	192,148	.....	.....

Over Two Months Supply

Expressed in days supply, the paper held by the U. S. publishers in reserve has increased 20% since the beginning of the year. The gain is even more marked when last month's returns are compared with those for September, 1941 and 1940, respectively.

A. N. P. A. Members' Newsprint Stocks —Days' Supply—

	1942	1941	1940
Jan.	55	45	47
Feb.	55	42	42
Mar.	51	36	35
Apr.	54	35	35
May	54	36	35
June	59	41	38
July	67	52	54
Aug.	65	53	59
Sept.	66	49	52
Oct.	..	45	45
Nov.	..	44	44
Dec.	..	44	43

Reasons for Policy

The action of the publishers in building up stocks has been predicated on a number of factors, but principally anticipation of restriction of supply and difficulties over transportation.

Shortly after the outbreak of war the Scandinavian source of supply disappeared. This was not of major consequence, as the North European mills were never regarded by the publishers as a vital supply source. However, they did have a value, from the publishers' point of view, in holding down prices.

There is no question but that the Scandinavian mills dumped their newsprint on the American market, as they were always prepared to undersell either the Canadian or American mills.

Limit Supply Sources

The loss of the Scandinavian tonnage was not serious. But it put the American publishers in a position where they were completely dependent upon domestic, Canadian and Newfoundland mills for their paper supply.

To date such sources have not failed to provide the Americans users with all the newsprint required. But from time to time there have been indications that the publishers were not altogether certain of their paper supplies. Shortly after the outbreak of war there were signs of panic buying, but this died down quickly.

Publishers Help Out

Through the co-operative action of the American Newspaper Publishers Association and the Newsprint Association of Canada, orderly marketing has been maintained. The publishers themselves have co-operated willingly and effectively by taking deliveries of their annual requirements in equal monthly shipments. Demand pressure on the newsprint mills has been greatly eased by this arrangement.

Question of Transport

For several months past it has been apparent that the publishers have been uncertain as to the maintenance of normal transport facilities.

In ordinary times a large share of the Canadian newsprint marketed in the United States moves by boat. It moves along the Atlantic or Pacific coast to American seaports, or is handled by the St. Lawrence-Hudson River route, or by the St. Lawrence — Great Lakes route. The requisitioning of boats by governmental authorities affected this form of transport.

Depend on Railways

Even more important is the fact that the Atlantic and Pacific coastwise movement has come to a halt. The shipment of newsprint paper from Canada to the United States is now virtually dependent upon the railways.

The Canadian railways have taken up the additional burden but the American railways have been creaking under the strain for some time past.

The situation developed to a point where publishers were warned of a possible rail embargo. Consequently they have adjusted their reserve paper programme to provide for carrying a much larger inventory than normally would be the case.

With the price of newsprint paper pegged, the carrying charges of newsprint paper rank as a considerable item in the publisher's costs.

At the outbreak of the war it cost the publisher about 50 cents a month to carry a ton of newsprint paper in storage. Accordingly it did not pay him to carry too large inventories.

Now the question is the adequacy of supplies and not the cost of carrying inventory.

With nearly two and a half months of paper supply on hand, it is obvious that the paper costs of the publishers have increased very materially, even though the first cost remains unchanged.

The publishers regard these abnormal paper inventory costs as a form of insurance to protect their position in the event of a break in the continuity of deliveries.

Indications are the newsprint supply will not be sufficient to take care of consumption during November and December. The spread between supply and consumption is expected to be small. The drawdown from stocks will not make any appreciable dent in reserves.

Publishers Face Problem

From now on the problem of the publishers will be either to cut consumption of paper or to limit to a minimum the amount of paper which will have be taken from reserves to maintain the present size and circulation of newspapers.

Orders issued by the Power Controller, the National Selective Service and the Newsprint Administrator to the Canadian newsprint mills indicate clearly that there will be less newsprint available in 1943 than was the case in the past nine months.

It is still too early to determine with accuracy just how much newsprint paper the Canadian mills will be able to produce with the available hydro power and labor.

From what already has taken place, it should be clear to any American publisher that he has to decide now and not later as to what course of action he is going to adopt in 1943.

Adjustment Cushion

If the newsprint industry in Canada is not called upon to make any further radical change in its mode of operations, then there is no reason why the U. S. publishers with their present reserve stocks, should not be able to get along without suffering unduly from tightness in paper supply.

It will take probably a month or two before the supply situation clarifies. Within that time the Canadian newsprint industry should know if the Power Controller plans to make any further demands upon it.

With clarification, the American publishing industry will then be able to chart its course for next year. Meanwhile the accumulation of reserve stocks appears to have about reached a limit. For the duration, the U.S. publisher likely will have to regulate his consumption of paper to the supply which the manufacturers can provide under wartime conditions.

Seasonal Gain In Paper Trade

Newsprint Returns for Last Month Also Reflect Stock Building

From Our Own Correspondent

MONTREAL.—Seasonal gain in production and a better than seasonal advance in shipments, feature September operations of the newsprint mills.

Last month Canadian mills, according to the Newsprint Service Bureau and the Newsprint Association of Canada, produced 257,618 tons and shipped 292,405 tons. The gain in shipments over the previous month was around 47,000 tons, nearly all of which went to the United States.

While there was a seasonal improvement in operations during September, the reports indicate a downward trend, both production and shipments being under the figures reported for the same month last year.

Newfoundland's two mills produced 23,313 tons last month, a gain of nearly 7,000 tons over August, but some 6,000 tons less than in September, 1941.

Shipments from the Island moved up from 25,943 tons in August, to 29,822 tons in September, which in turn was 6,000 more than in September last year. The gain was due primarily to a much heavier movement to markets other than the United States.

American mills continue to operate on much the same schedule. On the other hand shipments at 83,560 tons were the highest since last December and 3,300 tons more than in Sept., 1941.

Apparent consumption of newsprint paper in the United States increased around 9,300 tons last month to 308,991 tons, which figure was 10,000 less than in the same month last year.

The advance in shipments to American mills was due, therefore, to a move on the part of the publishers to increase reserve stocks rather than to any actual gain in consumption.

Abitibi Power & Paper Company, Limited

TORONTO, ONT.

Owning directly or through subsidiary companies, mills at

Beaupre, Que. — Iroquois Falls, Ont.
Pine Falls, Man. — Smooth Rock Falls, Ont.
Sault Ste. Marie, Ont. — Fort William, Ont.
Port Arthur, Ont.

Newsprint

Groundwood Pulp — News Sulphite Pulp

High Grade Bleached Sulphite Pulp

Newsprint Trade Hits New Peak

From Our Own Correspondent

MONTREAL.—Canada shipped more newsprint into the United States last month than during any other September in the history of the industry.

According to the Newsprint Association of Canada shipments aggregated 260,859 tons. This contrasts with 238,949 tons in the same month last year and with 240,820 tons chalked up in the previous record September of 1937.

CANADIAN BANK NOTE COMPANY
LIMITED

STEEL ENGRAVERS AND PRINTERS
of
Bank Notes, Bonds, Stock Certificates, Postage and Revenue Stamps and all Documents of a Monetary Character

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BUY WAR SAVINGS STAMPS AND CERTIFICATES

Bowaters Cuts Interest Rate

Refunding of Debentures Effects Substantial Annual Saving

From Our Own Correspondent

MONTREAL. — Bowaters Newfoundland Pulp & Paper Mills announces conversion of the "B" mortgage debentures from 5½ to 3½ per cent rate of interest.

The debentures covered a loan of £2 million guaranteed by the Newfoundland Government in 1923 when the original agreement was made for the establishment of a newsprint industry at Cornerbrook.

Buy Up Preferred

The conversion scheme was made possible through the co-operation of the company, the Bank of England and the British Treasury. Bowaters Paper Mills Ltd., British parent company of the Newfoundland organization, has purchased from the Bank of England the whole £2 millions issue of the 5 per cent cumulative preference shares of the Newfoundland company.

In turn the bank has agreed to use the major portion of this purchase price in underwriting the new 3½ per cent debenture stock which is guaranteed by the Newfoundland government. Bowaters Newfoundland also is underwriting part of the new issue, which is to be fully retired by sinking fund payments in 1970.

The "B" debentures involved were issued originally by the Newfoundland Power & Paper Co., which was organized by the Armstrong-Whitworth Co. of Great Britain. When the company failed to earn its interest charges, ownership passed to the International Paper Co. In 1938 Bowaters purchased control from International.

Principal and interest on the "B" debentures is payable in sterling. Normally the issue would have matured in 1970. At present there are outstanding £1,750,700 of the debentures. They have been called at 105.

Newsprint Mills' Activity Higher

Both Shipments and Production Ratios Record Seasonal Gain

From Our Own Correspondent

MONTREAL — Production and shipment of Canadian newsprint mills, in relation to capacity, underwent a seasonal improvement during the past month. Operating ratio at 72..4 per cent was the best in the last five months, but was still well under the Sept., 1941 return.

The ratio of shipments to capacity moved up to 82.1 per cent, the highest since last March, but below last year's figure.

Per Cent of Capacity

	Production Ratio 1942	Production Ratio 1941	Shipment Ratio 1942	Shipment Ratio 1941
Jan.	84.3	71.5	78.9	66.6
Feb.	81.4	72.9	77.4	71.1
Mar.	79.9	75.5	83.2	72.8
Apr.	75.0	78.7	64.4	78.2
May	68.0	78.1	72.0	76.8
June	65.6	77.9	68.4	80.3
July	65.2	80.4	65.8	82.2
Aug.	68.4	80.2	69.0	81.3
Sept.	72.4	84.9	82.1	86.9
Oct.	...	84.1	...	80.3
Nov.	...	85.5	...	91.4
Dec.	...	82.4	...	87.4

Continental Bag Co. Set Up at East Angus

From Our Own Correspondent

MONTREAL.—Continental Paper Products Ltd., subsidiary of International Paper Co., has established a new unit at East Angus under the name of Continental Bag Co.

This company presumably will secure its paper supply from Brompton Pulp and Paper Co., located at the same place, and will manufacture paper bags and other specialties.

Hiram Walker-Gooderham & Worts reports to the Securities and exchange Commission that T. H. Gibbons, officer, holds 45 common shares and has acquired 125 preference shares, holding 350 shares of the latter stock.

THE HILT OF THE DAGGER

AS General McNaughton has said: "If the people at home give the forces every support, the opportunity will come to strike back and bring this war to a conclusion. That power lies with the Canadian people."

The first sharp thrust of the dagger was felt at Dieppe. New and deeper thrusts will be made.

The hilt of the dagger for these thrusts must be made here—in the form of this Victory Loan.

BUY VICTORY BONDS TO THE LIMIT

They are backed by all the resources of the Dominion of Canada, they yield a fair rate of interest, you can borrow against them . . . and they are readily saleable if you need cash.

Give a friendly, attentive hearing to the Victory Loan salesman who calls on you: He is an *authorized* salesman, with proper credentials ::: able to explain fully the purpose of this Victory Loan and how you may subscribe conveniently, safely ::: if you desire, on easy payment terms.

The Bank will lend you money, if you need it, to buy Victory Bonds on convenient terms, at low rates. Interest on your Bonds will cover the cost of the Bank's loan for six months.

This advertisement contributed in support of the

VICTORY LOAN CAMPAIGN

by

THE CANADIAN BANK OF COMMERCE

S. H. LOGAN, *President* — A. E. ARSCOTT, *Vice-President and General Manager*

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Even back in 1920 Greg. Clark used to go on weekly visits to 109,000 Canadian homes. As he spun his whimsical yarns, families chuckled with enjoyment.

Each year more families flocked to hear Greg.'s stories — 225,000 in 1932, 330,000 in 1935, 391,000 in 1939. Today, more than 600,000 Canadian families each lay down 10 cents to read Greg. Clark's yarns and to enjoy the numerous features in the roto, magazine, news and comic sections of The Star Weekly.

How would you like to send your advertising story into all these homes? You can! You can send it along with Greg. Clark. You put it in any section of The Star Weekly you choose—where it will appeal to men, or women, or youngsters, or all of them.

The Star Weekly will take your story right across Canada—into every province, in practically every city, town and village. Wherever buying power is great, there you will find Star Weekly circulation concentrated. It has by far the largest circulation, by far the lowest milline rate, of any Canadian publication. It has intense reader interest. Let us prove it.

'WAY OUT IN FRONT and STILL GROWING STRONG!

The STAR WEEKLY

PUBLISHED AT 80 KING STREET WEST, TORONTO, CANADA

Montreal Advertising Office: University Tower .... United States Representatives: Ward-Griffith Inc.

Discrimination in Buying Food Stocks

Stability and Essential Nature of Industry Modified by War Conditions

By ARTHUR D. ELLWOOD

A traditional policy for some investment counsellors asked to recommend stocks for the "widow and orphan" type of investor has long been to mention companies making and selling necessities for the domestic consumer. Ranking high under this standard would be the securities of the food industry in Canada.

Elsewhere in this issue of The Financial Post will be found a complete report on this industry and its progress over the past year. It includes careful analysis of the trade prospects for the various divisions, brief reviews of individual companies and summarized financial details for those in which there is public investment interest.

This is essential reading for anyone interested in the food industries as an investment. It gives a clear picture of trade prospects and financial standing of individual representatives of the industry.

Many Dividend Payers

Out of approximately 60 companies mentioned, 37 are now paying dividends with the list of dividend payers augmented over the past year by three additional concerns. The dividend records of ten of these companies is sufficiently good to pass the severe tests which a company's stock must meet to be eligible for investment by a Canadian life insurance company. The food industry is represented in this select list by the following:

Company:	Stock
Canada Bread Co.	Pref.
Canadian Canners	1st & 2nd pref.
Catelli Food Products	Pref.
International Milling	Pref.
Loblaw Groceterias Co.	Classes A & B
Ogilvie Flour Mills	Pref. & com.
St. Lawrence Flour	Pref.
Western Grocers	Pref.
George Weston	Pref.
Fanny Farmer	Com.

Newcomers to the list of dividend payers over the past year include British Columbia Packers, Dominion Stores and National Grocers. The latter initiated common dividends although it had been paying regular preferred dividends.

One other fact of general interest to investors in food industry securities is that on the average these stocks have held well above the general average ever since the war started. Their performance has not been spectacular but more satisfactory than many other industrial groups.

Handle Essential Goods

These facts do not explain the reasons for favoring food industry stocks for investors of the "widows and orphan" class—in other words for those who have no means of replacing losses of principal and are presumably dependent to a large extent on regular income from their investments.

Measured from this standpoint, many food stocks must be given a high standing. Such companies handle essential goods without which we cannot live. Their products are subject to a high degree of repeat demand and once consumed cannot be used again. The result is that sales do not drop too low even during periods of low consumer spending power. It has been generally accepted that food sales would remain relatively stable and reflect in only a minor degree changes in general economic levels.

But this premise overlooked a fact which has become exceedingly clear since general purchasing power among Canadians received its wartime boost. This fact was simply that many thousands of Canadians were unable under what used to be considered normal times to buy all the food they needed for them the kinds that were best for them.

In this condition lies a major share of the reason for the great growth in food and meat sales since the war started. It also gives rise to the belief that food sales are quite capable of expansion over a longer term in a way not formerly thought possible.

Exporters Gain Ground

Not all divisions of the food industry in Canada can be given the same status from the investor's viewpoint. Some sections have been established on a basis which requires large export markets for their prosperity. Outstanding in this section would be the milling industry which has always been dependent on exports for the volume of production needed to keep costs to competitive levels. One result in this case is that millers find competition for the domestic market very severe, a condition made much worse when exporters contract and millers have to struggle for the limited domestic market which is left.

Currently the outlook for exports of flour and other milling industry products is determined almost entirely by shipping conditions. Markets are available in Britain, Russia and other war-torn countries but flour may not receive a high shipping priority except for a basic minimum quantity. What the post-war outlook for milling companies may be is hard to foretell but it seems reasonable to expect at least a temporary demand for food from the many countries now on starvation rations. Feeding post-war Europe will be a big job.

The meat packing industry in Canada is also largely dependent on export sales for the volume needed to keep its operations profitable. Under present conditions this volume is available and the industry knows how much it can sell and the price it can get for it. A point to remember, however, is that this market is almost entirely centred in one country—Great Britain—and that former suppliers of that market from other countries will attempt to regain their former share after the war.

It is true, however, that Canadian bacon and ham is gaining in public acceptance in Britain and those close to the situation maintain that Canada can hold much of the current gain. Canadian farmers have demonstrated their ability to supply the hogs and cattle; the packing industry has proved it can handle the quantity offered; and market acceptance has been gained. This much our food industry has achieved and it should be able to hold a substantial share.

Importers Feel Pinch

There is another section of the food industry which today finds itself hampered by dependence on foreign sources for its raw materials. Examples include candy and confectionery firms which need cocoa, nuts and sugar from other countries, firms processing tea, coffee and spices. Probably this section should also include the sugar refiners, a group largely dependent on imported raw sugar and now restricted by shipping difficulties, price control in Canada and rationing.

Normally such firms as Laura Secord and Fanny Farmer among the candy makers, Canada & Dominion Sugar among the sugar refiners, enjoy a high investment standing based on regular earnings. Wartime conditions have altered their status but have not yet weakened their financial position nor done anything to limit their postwar market.

The dairy industry in Canada has perhaps not been a popular one with investors. Competition has resulted in a continual struggle for markets while the essential nature of the products sold has resulted in close regulation and establishment of strictly controlled standards. Profit margins have been small and individual service has been highly developed, a condition which wartime regulations have served to limit at least temporarily. Sales volume has grown remarkably and export markets have gained a new importance since the war began.

Another large group of the food industry offering plenty of opportunities for investor interest is the distributing section. This includes wholesale houses such as National Grocers and Western Grocers as well as retail chains such as Loblaw Groceterias, Dominion Stores, Stop & Shop and others. It includes several companies with excellent dividend records and others with less satisfactory histories. The group must handle a large volume of sales at a narrow margin of profit for prosperity, a combination that it has been able to achieve with remarkable success since the war started. There is nothing in the wind that appears likely to limit the public demand for their products but there are two threats which must be considered.

The first of these is supply of merchandise. Reference to the supplement on foods in The Post this week will reveal where and how this condition is a threat. To date it has apparently not been serious but it is causing the industry a good deal of concern. The other threat is that of labor. The food distributing trades employ large numbers of relatively unskilled help, a fact that probably keeps average wages somewhat lower than offered by other industries. This, coupled with calls from the armed forces, has already resulted in shortages which are likely to become more serious. How great a threat the latter factor is to earning power of the larger units, however, is not clear. It must be remembered that they have also made important savings as a result of limitations on delivery services and other simplification practices adopted under the leadership of Wartime Prices and Trade Board. Earnings of this group are hardly likely to hold last year's levels in the current period but the decline should not be too severe.

There are other sections of the food industry such as the baking group but their position is largely a domestic one as made clear in the report on the industry. This group includes a number of companies in which investor experience has been satisfactory. It is a group which is subject to what amounts to continual price control and in recent years has suffered from this.

How much of the simplified practices which war has brought to the food industry will be continued after the war is hard to say but permanent benefit from some of these moves should be felt. Investors must differentiate between those sections serving the domestic market and those largely dependent on exports but on the whole it seems likely that the food industry will continue to offer attractive investment opportunities for the discriminating investor.

The Week in Business

Business operations showed a minor recession in September as compared with the previous month, according to The Financial Post's Business Index. This year's fluctuations have been relatively minor following the strong advance in the early months of the war. Now the decline in output of civilian goods is beginning to offset to an important degree the advances still being recorded by war production.

Among the factors of industrial activity showing gains last month are coal, flour milling, cheese and butter, raw cotton consumption, newsprint production and contracts awarded.

The Financial Post's index of business activity stood at 163.7 in September, according to preliminary figures. This is 1.3 points below August and 8.4 points or 4.9% below September last year. This index reached its peak in October last year and since then has declined to the present level.

Railway carloadings showed a less than normal gain for the season in September, attributed to the lateness of the western grain harvest. October figures are moving up somewhat faster with the latest week showing a gain of about 4,100.

Bank deposits at 170.1 for the index in September compare with 163.0 in August this year and 157.6 for September, 1941.

Newsprint production in September at 257,618 tons was about 4,400 tons above August but 41,000 tons, or 13.6%, below a year ago. The industry's exports show a similar trend while its production ratio was 72.4% of capacity in September and ratio of shipments to capacity was 82.1%.

Gold receipts at the mint in August totalled 363,368 fine ozs. against 429,878 fine ozs. a year ago. For the year to date a decline of about 260,000 fine ozs., or 7.7%, is reported.

Consumption of raw cotton by the textile industry in September was 15.5 million lb. against 15.2 million lb. in August but is down 1.6 million lb., or 9.6%, from a year ago.

	Sept.	Aug.	July	June	Year Ago
•The Financial Post business index	*163.7	165.0	163.6	165.7	172.1
•Dom. war expend. (million $)	207.3	172.4	*180.4	138.3	88.4
•Dom. total revenue (do.)	162.4	164.2	121.8	115.4	106.9
•Dom. total expend. (do.)	318.9	301.3	350.8	422.6	113.0
Retail sales index no.	....	162.2	150.4	150.9	146.5
Dept. store sales index no.	....	151.6	145.4	134.0	146.1
Wholesale sales index no.	....	157.4	154.2	167.6	156.6
Country store (% change pr. yr.)	....	+10.0	+10.6	+14.6	+11.3
Divd. payment index‡	123.5	123.5	122.6	121.8	118.7
•Bank deposits (1926=100)	170.1	163.0	160.3	160.1	157.6
Cash and cheque pay. index	....	138.6	148.7	148.8	120.1
Bank debits (1935-39=100)	....	136.0	133.0	127.7	123.1
Money supply (c)	....	3,772	3,686	3,675	3,506
NEWSPRINT % OF CAPACITY—					
•Production ratio	72.4	68.4	65.2	65.6	84.9
•Shipment ratios	82.1	69.0	65.3	66.4	86.9
RAILWAY FREIGHT LOADINGS—					
Tons	....	163.0	176.5	188.1	161.5
Cars	....	129.6	148.1	141.4	128.0
COST OF LIVING—					
D.B.S. index	117.4	117.7	117.9	116.7	114.7
EMPLOYMENT INDEX Nos. D.B.S.—					
All industries	....	177.8	175.7	171.7	160.6
Manufacturing	....	212.4	209.5	205.9	176.8
Payroll (June 1/41=100) (b)	....	131.7	129.7	125.5	106.9
Payroll index (a) (1937=100)	....	201	204	201	173

	1942	1941	Jan. 1 to date 1942	Jan. 1 to date 1941	% Change
RAILWAYS—					
•Carloadings (week Oct. 10)	73,952	68,043	2,634,129	2,468,156	+6.7
•C.P.R. gross (week Oct. 14) $	5,218,000	4,851,000	197,271,000	167,457,000	+17.9
•C.N.R. gross rev. .. (Sept.) $	33,860,000	27,132,153	270,827,000	220,312,011	+22.9
•C.N.R. net rev. .... (Sept.) $	8,832,298	6,393,072	62,760,974	48,589,326	+29.2
IRON AND STEEL—(August)—					
Pig iron production (tons)	162,578	118,490	1,308,731	862,793	+51.7
Steel production .. (tons)	248,858	227,075	2,064,666	1,734,216	+19.0
CONSTRUCTION—					
Contracts awarded (Sept.) $	29,675,100	39,363,800	228,486,900	322,909,100	—29.2
Building permits ... (Aug.) $	8,159,508	12,852,381	70,072,454	89,464,236	—21.6
Cement prod., bbls. (July)	1,247,933	943,898	4,717,109	4,295,019	+9.8
AGRICULTURE—					
Flour prod., bbls. .. (Aug.)	1,820,199	1,852,139	13,135,826	13,985,624	—6.0
Cattle sales▲ .... (Sept.)	86,645	149,742	794,710	845,444	—6.0
Hog sales▲ .... (Sept.)	460,407	504,493	4,400,396	4,157,080	+5.8
SEA FISHERIES—‡					
Catch, cwts. .... (Aug.)	1,378,400	1,794,800	6,953,000	7,157,700	—2.8
Landed value ...... (Aug.) $	5,097,200	4,991,500	19,276,200	17,606,500	+9.4
NEWSPRINT—					
•Production, tons ... (Sept.)	257,618	298,276	2,410,209	2,505,947	—3.9
•Exports, tons ...... (Sept.) $	275,791	288,646	2,263,179	2,366,730	—4.3
MINING AND OILS—					
•Coal prod., tons .. (Sept.)	1,463,187	1,577,872	13,860,225	12,658,274	+9.4
•Gold rec., fine oz. . (Aug.)	363,368	429,878	3,164,991	3,422,941	—7.7
Petroleum prod.. brl. (July)	869,034	876,845	6,109,072	5,748,814	+6.2
ELECTRIC POWER OUTPUT—(August)—					
Total monthly, 1.000 kw.h.'s	2,989,675	2,640,084	24,567,714	21,033,614	+16.8
OTHER INDUSTRIAL FACTORS—					
Shoes, prod., pr. ... (Aug.)	2,773,334	2,965,637	21,864,466	20,806,300	+5.0
•Cotton consump., lb. (Sept.)	15,488,872	17,125,874	147,286,708	147,249,878	+0.02
•Cigarette cons., No.† (Sept.)	890,109	865,936	7,221,828	6,263,492	+15.3
FINANCE—					
Bank debits† ...... (Aug.) $	3,479,745	3,149,791	28,775,585	25,201,597	+14.1
Bond sales† .... (Aug.) $	339,639	83,497	2,584,367	1,768,447	+46.1
Life insurance sales (Aug.) $	39,963,000	29,587,000	323,611,000	261,034,000	+23.9

•D.B.S. All Canada figure covering 90% of the Canadian total.
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C.
▲Total at yards and plants. †000 omitted.
‡Supplied by Nesbitt, Thomson & Co. *Preliminary. (c) 000,000's omitted.
(a) Compiled by Canadian Bank of Commerce. (b) All industries.

War is waged with steel . . . and Victory Bonds

BUY VICTORY BONDS

T.I.W.

STEEL PLATE WORK

•

SPECIAL STEEL PLATE EQUIPMENT FOR WAR PLANTS

STORAGE TANKS
PRESSURE TANKS
BINS and HOPPERS
WELDED and RIVETTED PIPE

DESIGNED • FABRICATED • ERECTED

THE TORONTO IRON WORKS LIMITED
TORONTO MONTREAL

On the Record

George H. Barbour of Coleman, P.E.I., appointed prices and supply representative in the regional office of WPTB at Charlottetown, succeeding **J. G. MacDonald.**

J. A. Langley, Canadian Govt. Trade Commissioner in London, Eng., appointed WPTB representative there.

James R. Martin, who has been tire rationing officer in the sub-regional office of WPTB at Sudbury, appointed supervisor of rationing. Thirty local boards in the Northern Ontario region will come under his supervision.

$5,500 millions is total value of contracts awarded and commitments made by the M. & S. Dept. on Canadian, United Kingdom and other account.

50,000 horsepower for war industries result of production curtailment of nine newsprint mills in Quebec province.

E. P. Taylor, appointed president of War Supplies Ltd.

C. U. Stapleton, Montreal, named Assistant to the Director of Govt. Office Economies Control.

Virgin tin in Canada is under strict control, 85% is owned by eight companies and is readily available, remaining 15% now in the hands of some 300 owners is being purchased for govt. stockpile.

Steel of Canada Plate Mill Active

Big Mill Now Running in Excess of Rated Capacity

From Our Own Correspondent

MONTREAL—Steel Co of Canada's new 110 in. heavy steel plate mill has steadily increased production until it now exceeds its rated capacity according to a statement released by the company.

On two different occasions during last month, the mill produced in a 24-hour run in excess of 1,000 tons of plate in the lighter weights. If heavier plates were being rolled at the time, this figure could have been exceeded considerably, the company adds.

The mill, which was originally planned as a peacetime enterprise, came into operation in April, 1941. Plates are now being turned out for the merchant ships, corvettes, mine-sweepers and other vessels. It also produces plate for army tanks, universal gun carriers, as well as essential needs for structural work, oil storage tanks, car buildings and other purposes.

Newsprint Mills Stocks are Low

From Our Own Correspondent

MONTREAL—Stocks of newsprint paper held by Canadian mills at the beginning of this month were the lowest reported at any time since Jan. 1938. Supplies amounted to only 119,335 tons, as against 148,480 tons at the same time last year.

Both Newfoundland and American mills kept a tight rein on stocks, with the result the North American mill supply now amounts to only 207,859 tons, a drop of about 45,000 tons from stock reported a year ago.

Mill Stocks on Hand
(In tons)

	—September— 1942	1941
Canada	119,335	148,480
United States	12,551	11,864
Newfoundland	75,973	91,872
Total	207,859	252,216

the "Magic Mineral" is IN THE NAVY NOW!

Illustrations by courtesy of Ealing Studios, England, from the motion picture, "SHIPS WITH WINGS".

JOHNS-MANVILLE ASBESTOS in Action

• When ships are shelled . . . when planes crash . . . when towns are blitzed . . . Canadian asbestos goes into action on the double, to save lives and property. Clad in garments woven from this fireproof mineral which the ancients called "magic", courageous firefighters can brave the fiercest flames. Canadian Johns-Manville, operating the world's largest asbestos mine and mills—at Asbestos, Que.—is on the job night and day, seven days a week, to provide more and still more of these modern "flame suits" for active service on the fighting fronts. And J-M's Canadian factory is going "all out" on many other products which, directly and indirectly, serve the war effort.

JM PRODUCTS CANADIAN JOHNS-MANVILLE
MINE AND FACTORY AT ASBESTOS, QUE.
TORONTO MONTREAL WINNIPEG VANCOUVER

BACK THE BOYS WITH BONDS!

BUY THE NEW VICTORY LOAN

CGL Canadian Controllers Limited
TORONTO, CANADA

How Climate Shapes Living

In Temperate Zones Stress is High

Studies during the past few years have revealed that climatic factors in life play a startling and dominating role in all we do, writes Dr. Clarence A. Mills, professor of experimental medicine, University of Cincinnati, in "Climate Makes the Man" published in Canada by Musson Book Co.

Dr. Mills declares that man as an energy machine thinks and acts only because of the burning of food in his tissues; but the speed of this burning — and the intensity of his living—depends largely upon outside temperatures and how easily he can get rid of his waste heat.

Climate affects man's sicknesses as well as his health. In a vegetative tropical existence he is much more susceptible to infectious diseases, while in temperate coolness the stress of a more energetic life causes frequent breakdown in his body machinery and raises heart failure to a leading position among the causes of death.

People in cool climates live longest, but mainly because they are more resistant to infections than people of warmer regions. Those tropical residents who do survive to advanced age show much less evidence of aging in their bodies than is seen in temperate zone residents of similar years.

Heat Slows Thought

Intelligence and aptitude tests show that college students think poorly in the heat, for scores are lower in summer than in winter. In cool surroundings, where body heat can be lost with ease, health assumes an extremely positive and buoyant character. This more dynamic cool-climate existence, however, carries with it the dangers of early exhaustion or breakdown of the body machinery. The enervating effect of heat is one reason why it takes 12 to 15 months to produce a 200-pound pig in Panama, against six or seven months in the northern United States.

Vitamin B Lack

Foods grown in the tropics are also notably low in vitamin B complex content, these vitamins playing a direct role in burning food for human energy. The weakening effect of life in the tropics is claimed to be partly due to a deficiency of B vitamins.

The importance of vitamin B has been so well recognized of late that thiamin, the element of this vitamin is probably the most commonly used drug in America. Dr. Mills points out that the fact that too much thiamin may be harmful emphasizes one danger of the current vitamin craze which grew up before all the research results were in.

Growth Retarded

In the Canal Zone Dr. Mills found Zone-born American children smaller in stature and more retarded in development than those newly arriving from the north. Here definite evidence was obtained showing depressing effect of tropical heat upon people kept free from the other undermining factors usually encountered in such regions.

Studies of man in hot weather and tropical climates show that he is a pawn of his climatic habitat. His activities and vitality shrivel in depressing warmth, and the difficulty of body-heat loss shows most strikingly in his ability to reproduce. Fertility declines sharply in the heat and rises to a peak in optimal coolness.

South for the Summer

Heat is particularly beneficial for those modern ailments of high blood pressure, hardening of the arteries, heart failure, etc. Temperate-zone summers should be periods of real biologic rest for people who are hard pushed through the cooler seasons. Dr. Mills cites his own experience of finding winter stress much more trying if he avoids summer heat by migrating to cooler regions. Along with this he suggests that a regular afternoon siesta and adequate sleep at night would markedly change the urban physical breakdown picture.

To Cool Tanks

Of immediate and very practical interest is Dr. Mills' statement that one of the most acute heat problems faced by man is to be found inside the tanks engaged in desert warfare. The steel turret absorbs the sun's heat and reradiates it into the interior. Dr. Mills claims that lining the inside of the turret with aluminum foil should greatly lessen this heating-up of the interior; it should also give considerable protection against attack from flame-throwers or the kerosene bomb.

Dr. Mills develops a report on the observation that people living in regions marked by frequent storms and accompanying wide changes in atmospheric pressure suffer particularly from respiratory ailments, high blood pressure and other upsets. Acute appendicitis attacks are most likely to come when the barometer is falling.

He declares that some day, when we know more definitely just what falling pressure does to our body efficiency, perhaps we will have school buildings equipped for pressure control. Then we may eliminate those days when everyone is restless, irritable and inefficient. The control of indoor pressure, he says, will probably be one of the future's major developments in indoor conditioning.

Climate Shapes History

Climate has played a large part in history too. In 1929 the depression rode in with a period of excessive heat. During this ebb-tide of western morale Japan thought she saw her chance for expansion. This dream of empire had blossomed under the stimulus of subnormal temperatures years before. From 1899 to 1914 every single year in Japan was colder than normal. During this period she embarked upon her career of imperial expansion.

Italy fought out from under the Austrian yoke from 1845 to 1861 when temperatures were below average for each of the 17 years. Uninterrupted warmth since 1921 has kept the Italian people pliant under their dictator. As the world warmth abated somewhat in 1936 and 1937, the Germans became more aggressive in their expansion.

Where to Live?

To the question of where is the best place to live Dr. Mills says there is no single answer. If the person seeks healthful contentment and real pleasure in living, then the ideal climate will be such as the American southwest offers at 4,000-5,000 ft. elevation. There moderate stimulation keeps alive one's interest in life, without the impatience and boundless enthusiasm which makes existence in colder, more stormy regions so irritating.

If a life of indolent, effortless ease is desired, then tropical climes should be sought.

For a life of accomplishment and activity, of keen competition and initiative, of restless energy in both brain and body, then the choice should be the stormy climates of middle temperate latitudes, This choice, however, means preparation for a life of strife at every turn and in almost every phase of living.

N.S.CoalMiners Seek Bonus Aid

U.M.W. Member Says Ottawa to Step Up Subvention

From Our Own Correspondent

MONTREAL. — No arrangement has been made by the Dominion government to increase subventions on the shipment of Nova Scotia coal to the central Canadian market. A change may be made, but at the moment the government has not taken any action toward making it possible for the operators to equalize wage rates among Nova Scotia miners, as Silby Barrett, U.M.W. international board member is reported as saying.

"An understanding has been arrived at," Mr. Barrett is quoted, "whereby wage increases will be granted to several thousand Nova Scotia colliery workers and certain differentials will be wiped out."

Mr. Barrett further said the distribution of the money would be worked out at conferences with the operators, but it was indicated that increases would go for the most part to workers in companies whose basic wage rate is comparatively low. While the differentials would not be wiped out completely, he said, some progress would be made in narrowing the gaps between the basic rates in the province's various coal fields.

The existing subvention on the movement of coal from Nova Scotia to central Canada is not paid to the operators. It is paid to the railways, thus permitting transportation costs to be lower so that Nova Scotia coal can compete with coal brought in from the United States.

The need for this subvention is not so pressing these days because of the heavy increase in demand for coal of any type. The granting of a "subvention" such as reported by Silby Barrett would actually be a bonusing of the Nova Scotia coal miners.

The spread in basic rates in Nova Scotia coal mines is fairly substantial. The basic rate in Pictou County is $3.30 daily; in North Cape Breton, $3.50, and in South Cape Breton and Cumberland, $3.90.

Hull Steel Sales at Peak

From Our Own Correspondent

MONTREAL.—Hull Steel Foundries Ltd. reports that in the first nine months of 1942 business totalled $2,143,365. This compares with $790,883 in the same period of 1941.

With more than 90% of production devoted to cast steel tank treads, September deliveries of war materials topped $300,000, according to Harold P. Coplan, president of the company. Backlog of unfilled orders will keep the plant at night and day capacity for 18 months to come.

Output Up 15 Times

"Production now is 15 times what it was before the war," reported Mr. Coplan. "That production will be augmented still further toward the end of this year when our new foundry building will have been completed. Stocks of raw material on hand are adequate for several months to come."

Hull Steel is progressing toward completion of a $1 million plant expansion programme. The new foundry is being built over and around existing buildings so that production is not hampered.

Company Reports

Blue Ribbon

Some of the more important raw materials that Blue Ribbon Corp. uses are tea, coffee, sugar, peanuts and spices, says J. Ball, president, in the report for the year ended June 30, 1942. Most of these commodities are imported and some have already been rationed either to consumers or to manufacturers. This means that there will be a marked effect on sales of the three subsidiaries and make any forecast of the future impossible at the present time.

During the year Blue Ribbon improved its working capital position and reported a higher net profit despite doubled taxation. Bank loans were substantially reduced.

Income and Surplus Account
Years Ended June 30

	1942	1941
	$	$
Operating profit	613,396	406,115
Less: Exec. remun.	71,165	73,300
Legal fees	5,239	1,267
Depreciation	112,396	84,335
Income & E. P. tax.	222,493	108,680
Inventory res.	54,500	22,000
Net profit	147,603	116,533
Less: Pref. divds.	74,625	74,625
Surplus for year	72,978	41,908
Add: Prev. surplus	270,719	250,338
Less: Prior yrs. taxes	......	21,527
Earned surplus forw'd	343,697	270,719
Earned per share:		
Preferred	$4.94	$3.90
Paid	2.50	2.50
Common	*0.78	0.45
Paid	....	....

*After pfd. participation.

Working Capital

	$	$
Current assets	2,234,813	2,424,768
Current liabilities	1,090,446	1,411,539
Working capital	1,144,367	1,013,229

Balance Sheet Changes

	$	$
Cash	139,099	47,363
Accts. receivable	681,608	743,384
Inventories	1,396,655	1,604,021
Bank loans	533,044	928,919
Fixed assets	2,348,971	2,330,233
Less: Depreciation	833,814	739,545

Fairchild Aircraft

Fairchild Aircraft's financial statement for the year ended June 30, 1942, reflects the expansion in its business. Gross income of $873,766, compared with $311,049. After provision for senior charges, and including tax provision, the adequacy of which is questioned by the auditors, net profit totalled $98,540 or 77 cents a share. This compares with $39,429, or 31 cents a share, the year before.

The balance sheet shows a number of changes, consequent upon the expansion in the company's business. Inventories are up substantially. On the other hand bank loans and notes are down.

Income and Surplus Account
Years Ended June 30

	1942	1941
	$	$
Total earnings	873,766	311,049
Less: Exec. remun.	53,669	44,010
Legal fees	3,868	7,354
Depreciation	174,160	111,073
Interest on loans	57,486	45,192
Income & E. P. tax.	482,145	27,096
Debent. interest	3,897	5,550
Inventory loss	......	31,345
Net profit	98,540	39,429
Less: Prev. deficit	30,835	70,265
Earned surplus forw'd.	67,705	30,836
Earned per share:		
Common	$0.77	$0.31
Paid	nil	nil

Working Capital

	$	$
Current assets	3,282,392	2,909,070
Current liabilities	3,038,283	2,782,795
Working capital	244,109	126,275

Balance Sheet Changes

Cash	20,040	30,740
Accounts receivable	1,062,424	1,396,821
Inventories	4,899,928	1,271,916
Bank loans	1,114,253	1,331,500
Funded debt	66,600	76,219
Fixed assets	720,345	623,288
Accts. payable	1,351,310	1,375,076

Lake of Woods Milling

Lake of the Woods Milling Co.'s report for the year ended Aug. 31 last shows a continued all-around improvement in earnings and finances. After substantially higher provision for taxes, net profits were equal to $2.79 on the common stock, as against $2.53 the year before.

Inventories increased by $600,000 during the year, while accounts receivable were off around $900,000. The bank loan was further reduced with the overdraft wiped out.

Income and Surplus Account
Years Ended Aug. 31

	1942	1941
	$	$
Operating profit	1,486,381	1,272,133
Add: Other income	37,466	37,679
Total earnings	1,523,847	1,309,812
Less: Exec. remun.	75,778	75,709
Directors' fees	7,721	7,790
Legal fees	849	1,706
Depreciation	203,000	196,214
Interest	118,120	105,754
Income & E. P. tax.	601,390	443,940
Net profit	517,059	478,699
Less: Pref. divds.	105,000	105,000
Common divds.	177,266	177,227
Surplus for year	234,833	196,472
Add: Prev. surplus	2,373,242	2,176,770
Earned surplus forw'd	2,608,075	2,373,242
Earned per Share:		
Common	$2.79	$2.53
Paid	1.20	1.20

Working Capital

	$	$
Current assets	4,045,667	4,373,085
Current liabilities	2,181,980	2,870,897
Working capital	1,863,687	1,502,188

Balance Sheet Changes

	$	$
Accounts receivable	1,370,862	2,288,422
Inventories	2,606,343	2,007,552
Bank loans	1,158,000	1,859,000
Bank overdraft	......	71,231

What We Are Fighting For

Our Freedom—our Women—our Children—a Decent World.

What We Are Fighting With

Guns and Money. The soldier uses the one—the civilian supplies the other.

Shoulder to Shoulder

It is up to every one of us here to see that the soldier lacks nothing to achieve Victory. WHY WAIT? Let us each help now to the limit of our ability by subscribing to the Third Victory Loan.

INTERNATIONAL BUSINESS MACHINES COMPANY LIMITED

Joe is still smiling . . .

THIS is Victory Loan time and the nation is making a special War Bonds drive in salute to the Joneses, the Macdonalds, the Kellys, and all other brave young members of Canada's fighting forces . . . And we are, too—but we can't help thinking of Joe.

You remember Joe . . . He used to clean your windshield when you drove into a "SUPERTEST" Service Station . . . Quiet kind of a kid—took it all out in a friendly grin and maybe a chance remark or two: "How are you today, Mrs. Allen?", or "Is the little boy's cold better?" . . . And you liked Joe . . . So did we!

Joe worked vacations for us at first. And then he started full time . . . You can't stop willingness like Joe had . . . And that grin! . . . And he was proud of his advancement; proud one day, too, when he was promoted to Service Station Manager.

And then His Country needed him . . . Joe didn't ask any favors. He didn't make any speeches about liberty. He just grinned . . . and said: "OK.!" He just offered his life.

We've got a lot of Joes . . . and Charlies . . . and Harrys gone from "SUPERTEST"—about half of our entire staff . . . And there's a lot of them missing where you work—and from the street where you live.

But it's good to know they're smiling wherever they may be . . . smiling because there are so many of us here at home determined to work harder, save harder . . . to keep them supplied with the guns and tanks and ships that will let them come home to us.

So, we want to salute our heroes . . . and we want to salute Joe and all the unsung boys like him . . . AND we'd like to remind you to buy even more Victory Bonds to keep the fightin'est army in the world fighting . . . and smiling.

SUPERTEST PETROLEUM CORPORATION LIMITED
"Canada's All Canadian Company"

Survey For Newfoundland

Industrial Board Seeks to Develop War Trades

A survey is needed of the industrial potentialities of Newfoundland, C. C. Pratt, president of the Newfoundland Industrial Development Board, said in a recent address at St. John's.

Mr. Pratt stated that a comprehensive and thorough investigation of the entire field is beyond the scope and power of the organization which he heads, but that the day is coming when it must be undertaken.

The Newfoundland Industrial Development Board is a non-profit organization formed to foster the creation of new and expansion of existing industries.

It has drawn on the experience of similar organizations in Canada and the United States, and sought advice from men who have made a reputation in the rehabilitation of the industrial life of European and South American countries. The Dorr brothers, American industrial scientists, were secured to report on how the Newfoundland Industrial Development Board should proceed, and how it could use the technical and scientific services of other countries to stimulate the island's industrial life.

Joint Organization

It was decided that the board should be a joint organization of government and business. It was realized that if it was to have any prospect of success it must have a trial period of at least five years. A budget of $25,000 per year was planned. The government agreed to pay $12,500 per year for five years and business agreed to find the balance. Subscribers include the two Newfoundland paper companies, Buchans Mining Co., Dominion Steel & Coal Corp., the four Canadian banks and a number of Newfoundland mercantile and manufacturing concerns.

Conditions Change

Since the idea of the permanent board was evolved, conditions in Newfoundland have changed. The immediate need for employment has been met. New industrial development has run into many difficulties due to diversion of materials to war needs. Nothing in the way of plant and machinery can be obtained except by high priority which is given only for war purposes. Freighting is available only for bare necessities. Even the employment of people is a secondary consideration as compared with need for conservation of material and effort for the war.

Mr. Pratt pointed out that, despite these changed conditions, the board was still in existence to help promote war industry in Newfoundland, search out ways to prevent future unemployment and to continue the original policy based on long range planning.

The board is not a panacea for all Newfoundland's industrial ills, said Mr. Pratt, but it is able to give assistance. The organization is not a central planning organization for the whole country, since the government has the major responsibility for this, but it has a field which cannot be covered except by such an organization.

VICE-PRESIDENT

R. W. Keast, who has been appointed a vice-president of Coca-Cola Co. of Canada, in charge of advertising and sales promotion. In addition to his new duties he will continue to head the company's contract bottlers' division.

Paper Mills Boost Power Saving to 140,000 h. p.

36 Paper Mills in Ontario and Quebec Affected by Latest Order, Which Diverts 14,000 h.p. to Canadian War Industry

From Our Own Correspondent

MONTREAL.—Canada's paper industry has contributed another 14,000 h.p. of electrical energy to meet the urgent needs of the country's war industries.

This brings the total contribution to nearly 140,000 h.p. The Ontario Paper Co. and the Beaver Wood Fibre Co., both of Thorold, gave up 20,500 and 3,965 h.p. respectively. The staggering of working days for a number of Quebec newsprint mills provided another 45,000 to 50,000 h.p., while the curtailment of production in nine specific Quebec mills freed an additional 50,000 h.p.

Affects 36 Mills

The latest order issued by the Power Controller in co-ordination with the Wartime Prices and Trade Board, affects 36 paper companies in Quebec and Ontario.

In the province of Quebec, with the exception of the E. B. Eddy Co., in Hull, the J. C. Wilson will at Lachute, and the Rolland Paper Co. at St. Jerome, which are grouped with the Ontario mills because they draw power from a distributing system in Ontario, 15 mills are concerned. A list of these, together with those in Ontario follows:

Quebec Mills

Canada Paper Co., Windsor Mills.
Barrett Company Ltd., Joliette.
Brompton Pulp and Paper Co. Ltd., East Angus and Bromptonville.
Bennett Ltd., Chambly Canton.
Wayagamack Mill, Three Rivers.
Howard Smith Paper Mill Ltd., Crabtree Mill.
Building Products Ltd., Pont Rouge.
Bishop & Sons, Portneuf Station.
J. Ford & Co. Ltd., Portneuf.
St. Raymond Paper Ltd., St. Raymond.
St. Basile Paper Co., St. Basile.
J. A. Coulombe & Co., Ltd., L'Ange Gardien.
Gair Company, Canada, Limited, Montreal.
Howard Smith Paper Mills Ltd., Beauharnois.

Ontario Mills

Beaver Wood Fibre Co. Ltd., Thorold.
J. C. Wilson, Lachute.
Rolland Paper Co. Ltd., St. Jerome and Mont Rolland.
Strathcona Paper, Napanee.
Garden City Paper Mills Co. Ltd., St. Catharines.
Alliance Paper Mills Ltd., Georgetown.
Canada Glazed Papers, Toronto.
Gair Co. of Canada Ltd., York Paper Mills Div.
Gair Co. of Canada Ltd., Frankford.
Gair Co. of Canada Ltd., Campbellford.
Hinde & Dauch Paper Co. Ltd., Trenton.
Alliance Paper Mills Ltd., Merritton.
Hinde & Dauch Paper Co., Toronto.
Provincial Paper Ltd., Thorold.
Interlake Tissue Mills Co. Ltd., Thorold.
J. R. Booth Ltd., Ottawa.
Brantford Felt & Paper Co. Ltd., Thorold.
Provincial Paper Ltd., Georgetown.
Sonoco Products Co. of Canada Ltd., Brantford.
E. B. Eddy Co., Hull.
Howard Smith Paper Mills, Cornwall (A).
Champion Paper Mills Ltd., Toronto.
Don Valley Paper Co. Ltd., Toronto.
Howard Smith Paper Mills, Cornwall (B).
Provincial Paper Mills, Mille Roches.

Labor Shortage Hits Logging

B. C. Production Down 25%

From Our Own Correspondent

VANCOUVER.—British Columbia logging operations show a marked decline compared with last year.

Statistics show that in September production in the lower west coast region was only 181.2 million feet, compared with 247.4 million feet in Sept., 1941, or down about 66 million feet.

Since the start of the year log production has been down about 25%. In September, many logging operators had hoped to see an improvement.

Many of the larger companies have been forced to curtail or shut down their camps because of the shortage of labor.

Among these are B & K Logging Co., Vancouver Bay Logging Co., Hemmingson, Cameron Co., Malahat Logging Co., O'Brien Logging Co., Bloedel, Stewart & Welch. All, with the exception of O'Brien Logging, operating at Gordon Pasha Lake and north, have their principal holdings on Vancouver Island.

Aero Timber

Hardly a logging camp in the province has a full complement of men. The exceptions are the airplane spruce and hemlock camps being organized on Queen Charlotte Islands by Aero Timber Products, Ltd., the government corporation that has been allowed to pay wage bonuses. With the exception of fallers and buckers, the Queen Charlotte camps are reported to be pretty fully manned at present.

Over-all shortage of men in logging camps of the lower west coast area is said to be 4,000 or 5,000. Logging companies are now employing about 8,000 to 9,000.

Solution of the problem, according to operators, lies in more vigorous enforcement of the national selective service regulations.

Newsprint Stocks Accumulating

From Our Own Correspondent

MONTREAL.—Definite signs of an accumulation of newsprint stocks by publishers are indicated in the figures on September operations released by the Newsprint Association of Canada.

Last month Canadian mills produced 257,818 tons and shipped 292,405 tons. Deliveries to Canadian and overseas markets remained about the same, but those to the United States increased 38,000 tons or 17%. Newfoundland mills produced 23,313 tons and shipped 29,322 tons.

Both figures show a seasonal gain. American mills turned out 77,962 tons and shipped 83,560 tons. The latter figure is the highest since last December. On an over-all basis, North American mills shipped 46,894 tons more than they produced in September, resulting in a reduction of mill stocks to 207,830 tons, or 18.5% below the figures reported at the end of August.

Long Distance Calls Show Big Increase

From Our Own Correspondent

MONTREAL. — Priorities have sharply restricted telephone development this year, according to C. E. Sise, president of the Bell Telephone Co. of Canada, who says that there was a net loss of 6,000 in installations compared with the same period last year.

Long distance messages thus far this year, he said, show an increase over 1941 of about 12%.

Should We Punish the Germans?

...forts at democracy, and so finally opened the road to dictatorship through demogogy. We did not hang the Kaiser but we hung the burden of war guilt on the German people and provided Hitler with one of his best arguments. It would seem, therefore, the part of wisdom to avoid repeating these errors by prejudging the situation on moral grounds. It must be dealt with practically, humanly and authoritatively after we win.

E. J. Tarr

President, Monarch Life Assurance Co., Winnipeg, and hon. president, Canadian Institute of International Affairs.

The words "dispensing justice" imply discrimination between the guilty and the not-guilty and the assessing of varying degrees of crime. This thoroughly proper approach rules out as not being permissible or desirable any indiscriminate mass punishment. Such conduct on the part of Germany today against people in occupied territories horrifies us.

This does not mean that the ends of justice would be sufficiently served by punishing only the top-flight Nazi leaders. There have been and doubtless will be many more criminal acts by numerous individuals for which punishment should be duly meted out even though such acts were committed with the connivance of and in some cases under instructions from seniors.

* * *

Prof. Malcolm Wallace

Principal, University College, Toronto.

Nazi leaders (those who have not committed suicide or been murdered), will be adequately dealt with by the Allies after the war. The less prominent German criminals who have not been killed by friends of their victims before the war ends can probably be most satisfactorily punished by whatever German government takes office after the overthrow of the Nazi regime. Nothing remotely approaching ideal justice is possible. Anglo-Saxons are poor exponents of the art of butchering civil populations.

* * *

Hon. Cairine R. Wilson

Member of the Canadian Senate, Ottawa.

We must, I think, distinguish between Nazi leaders and German people in any plans for dispensing justice after the war. Since the last war we have stressed our own faith in democracy but have done all too little to help those who opposed the rise of totalitarianism. We must convince the common people under the Hitler administration that we do not hold them responsible for the misdeeds of their leaders. Otherwise there will be no alternative for them but to resist to the end.

* * *

J. J. Studders

The Herald, Oxbow, Sask.

In dispensing justice after the war we must distinguish between the Nazi leaders and the German people. Germany, while not altogether a peace-loving country, once had a proud culture that has been assiduously cast aside by its present ruthless leaders. The spirit of Nazilsm under its maniacal leaders who do not recognize the right of individuals has slowly taken a strangle-hold on the nation. No race of people can morally be punished for the crimes of its leaders.

Order Maximum Rail Loadings

New Regulation Designed to Conserve Equipment

From Our Own Correspondent

MONTREAL.—Effective Nov. 1, T. C. Lockwood, Transport Controller, has ordered maximum loading of railway freight cars with the object of conserving railway equipment, power and other transportation facilities.

This car loading order is somewhat similar to that recently announced by the Office of Defense Transportation in the United States.

Under the order proposed, no rail carrier shall accept for transportation at point of origin or points of trans-shipment in the Dominion of Canada, "or forward therefrom, any carload of freight unless the car containing such freight is loaded to the required capacity of the car, which will either be the marked weight capacity or the physical capacity."

It is also provided in the order that special or general permits may be issued by the Transport Controller to meet specific needs, exceptional circumstances, and to avoid controversies as to loading which may create transportation hazards and cause damage to loading or injury to persons.

The fee for any executor is fixed by the Court.

It is logical to appoint an experienced executor — preferably one with over 40 years' experience. This means—

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BUY VICTORY BONDS

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Farmers' Income Taxes Problem to Compute

Full Details of All Earnings Should be Provided, Together With Those of Deductible Expenses; Pointers Given to Simplify Task

The farmer has a fairly complicated job computing his income tax, because his earnings usually come from a variety of sources and there are so many expenses on which he can properly claim exemption.

Here are some pointers which will make the task easier:

The main thing he should remember is to give full information about each item contributing to his income and each item for which exemptions or deductions are sought.

In general the farmer is entitled to the same exemptions and allowances as other taxpayers—$150 if he has the status of a married man and deductions for each dependent child of $28 from normal tax and $80 for graduated tax.

The farmer, like everybody else, should report any investment income, wages or salary he may receive, including municipal council fees, rentals from property, proceeds from grain and produce sold, from sand or gravel sold, hail insurance received, money received from farm machinery hired out, wheat pool certificates and dividends, and remuneration for wheat acreage reduction.

He must also include the value of farm products consumed on the farm—all eggs, vegetables, meat and so forth which he has produced on the farm and used for his own sustenance.

The kitchen garden, however, is usually regarded as the business of the farmer's wife and not part of the regular farm production. Accordingly, these items consumed or sold are regarded as part of the income of the farmer's wife and unless they exceed $660 in value in the year are usually disregarded, much as the products of a city garden are disregarded as part of the income of the man or woman who tends them.

If a farmer trades part of his crop he should enter the cash value of the goods or assets received in return.

Deductions Allowed

From the gross income may be deducted the cost of seed purchased, feed for stock, livestock purchased, repairs to machinery and buildings, general expenses incurred in earning the income of the farm, mortgage interest, interest paid on machinery or livestock, rent for the farm, taxes paid on farm or ranch, threshing expenses, wages paid hired help, etc. He may also charge off depreciation at specified rates on buildings, trucks, and on a car if it can be shown the car is used mainly for business.

If the farmer is in the armed forces his pay and allowances should be shown and if exempt from taxation can be so designated.

In other items the procedure is much the same as with other individuals. He is entitled to the usual deductions for donations to charities, excessive medical expenses, etc., up to the statutory limits.

Return Due April 30

For 1942 income, a farmer should make his return by April 30, except where he receives wages or salary which are 75% of his total income. In this case he will make his return by Sept. 30, 1943.

If his farm income is 75% of his total income, as he is not subject to deductions at the source, he must pay his income tax in four quarterly installments, due Oct. 15, Jan. 15, April 15 and July 15—the same dates as those set for professional and other people whose income is derived 75% or more from sources other than wages or salary.

The installments paid Oct. 15 and Jan. 15 should each be one quarter of the estimated total income tax for the year. On April 15, when the third installment is paid, the actual income will be shown, and the payment should be one half of tax balance after the payments made Oct. 15 and Jan. 15 are deducted.

Allowed Leeway

Because a farmer may have delays in turning his produce into cash, he may base his tax payments either on cash receipts or take into account inventories of grain, cattle, etc,. at the beginning and end of the tax year. If he pays on a cash basis he may conceivably receive the returns for two years' crop in one year. In such a case he may have the previous year's income tax return revised, to make the tax more equitable.

Int. Utilities Files Plan For Merger

Proposal to Revise Capital Structure and Voting Powers Announced

International Utilities Corp. has filed a voluntary plan of recapitalization and merger with the Securities and Exchange Commission at Philadelphia.

The plan proposes that International be merged with its subsidiary, Dominion Gas & Electric Co. Along with the merger the capital structure would be revised and voting powers more equitably distributed, and the system would divest itself of control of Rockland Gas Co.

Four classes of stock are now authorized, divided into 600,000 shares of prior preferred, one million shares of preferred and 154,708 shares of class A stock, all without par value, and 2.5 million shares of class B stock of $1 par value. At June 30 this year, the corporation had outstanding 98,967 shares of $3.50 prior preferred, 66,652 shares of $1.75 preferred, 88,126 shares of class A and 1,252,266 shares of class B stock.

Share Exchange Proposed

It is proposed to reduce the authorized number of $3.50 prior preferred to 100,000 and to change the shares from no par value to $50 par.

Issuance of 400,000 shares of $1 par common would be authorized. Each share of present $1.75 preferred, including all accumulated arrears except $2 a share, would be converted into 2.6 shares of common.

Each share of class A stock now outstanding with dividend accumulations would be converted into one share of common, and each class B share now outstanding into 1/100 of a share of common. It is proposed to issue 2.06 shares of common of the corporation in exchange for the minority interest consisting of two 93/1500 shares of common stock of Dominion Gas & Electric.

These changes would leave the company with 98,967 shares of $3.50 par preferred and 273,947 shares of common stock outstanding.

Dominion Gas Bonds

It is also proposed to reduce the $3.9 millions of 6½% collateral trust bonds of Dominion Gas & Electric, due July 1, 1945, to $2 millions by retiring $842,000 face amount held by the corporation and use of cash and other liquid resources. It is then proposed to borrow $2 millions to complete the retirement or acquisition of the remaining bonds. Coincident with this borrowing, International Utilities would be merged into Dominion Gas & Electric.

General Water Gas & Electric Co., only other important subsidiary of International Utilities, redeemed its $2.8 millions of first lien bonds on Aug. 1, 1942, chiefly through five-year bank borrowings amounting to $2.1 millions.

W.P.T.B. Clarifies Policy On Distribution of Goods

Clarification of the W. P. T. B. policy on what manufacturers and wholesalers must do to assure equitable distribution of goods has been outlined by special order.

Where they can no longer supply full requirements of retailers, they are to allocate available supplies among customers to whom they sold merchandise in the year 1941. This means that, if a supplier in 1942 had only 60% of the goods available which he distributed in 1941, each of his customers would be entitled to a quota of 60% of the purchases made in 1941.

A manufacturer or wholesaler who can no longer supply the full requirements of retailers is not permitted to take on any new accounts, unless requested to do so by the retail or wholesale trade administrators.

A manufacturer or wholesaler having his own retail outlets is to consider such outlets as a customer, and impose the same limitation on himself as a retailer as he imposes on all his other customers.

Wherever it is demonstrated that distribution of goods to a particular community on the basis of 1941 sales would be unreasonable due to extraordinary population increases, retailers may apply to the administrators for an adjustment of quotas.

Likewise, in cases where there have been substantial decreases in population, reductions in quotas to retailers may be prescribed by the administrators.

These administrators have the authority to direct any supplier to make deliveries of goods to any designated persons. Where such a direction is given, the supplier must do so on the same terms or conditions of sale which he would have granted to the same class of customer during the basic period from Sept. 15 to Oct. 11, 1941.

Extension of credit and length of credit period must be left to the supplier to decide on the basis of his customer's credit standing and his own financial position, but, when the supplier has decided his credit policy, prices and discounts must be such as to involve no breach of maximum price regulations.

Brown Corp. Board Elected

From Our Own Correspondent

MONTREAL.—Henry P. Kendall has been elected chairman of the reconstituted board of directors, according to an official announcement of Brown Corp., which operates one of the largest high-grade sulphate pulp mills in Canada at La Tuque, P.Q. At the same time it is announced that Wentworth Brown has been appointed vice-president of the company.

The new board consists of nine members with a personnel as follows:

ROBERT BRAUN, Portland, Me., director of the New England Public Service Co.
O. B. BROWN, Berlin, N.H., director of the New Hampshire Fire Insurance Co.
H. P. CARRUTH, Berlin, N.H., vice-president of Brown Company.
J. B. CHALLIES, Montreal, P.Q., vice-president and executive engineer of The Shawinigan Water & Power Company.
JOHN J. HAGERTY, Boston, Mass., manager of the New England Agency of the Reconstruction Finance Corporation.
HENRY P. KENDALL, Boston, Mass., president of The Kendall Company.
G. A. MORRIS, Montreal, P.Q., vice-president and director of Ogilvie Flour Mills.
J. P. ST. LAURENT, Quebec, P.Q.
L. A. WHITTEMORE, Boston, Mass., assistant to the president of the Boston & Maine Railway.

U.S. Wage and Price Ceiling is Flexible

Special Correspondence

WASHINGTON.—Unlike Canada's "quick freeze" of her wage and price level, President Roosevelt's executive orders of last week, creating a director of economic stabilization and extending government controls over all wages and prices do not place a rigid roof on the war economy.

In detail, it is a more elastic system than Canada's, but it seems likely to achieve the objective best summed up in the word applied to wages—stabilization. This means that the price and wage level will remain much higher than it is in Canada, and may even continue to rise a little.

Continued Pressure Here

This means continued pressure on the Canadian system, but since the Dominion has been able to withstand it up to date, there is no reason to think that there should be any break in the line that has been held so well and so long. Donald Gordon, in his last trip to Washington, admitted Canada's "heroic measures" would be of no use unless they were matched by overall control down here.

That seems to have been achieved—so far as the grant by Congress of governmental authority and its subsequent prompt delegation by the President. The system, here as in Canada, will have to be reinforced by measures for manpower mobilization and heavier taxes. Both are under way. Prospects are that an American bill similar to that by which Canadian Selective Service was created will be introduced immediately. Heavier taxes will come first on the post-election agenda after November 3. Congressional courage picks up after ballots have been counted.

The personal factors involved in "stabilization" do not all favor such management according to The New York Times, save for the President himself no man in our history has ever held as great powers as have been conferred on associate justice James F. Byrnes.

With Leon Henderson, Donald Gordon has a close and smooth-working arrangement that assures future consideration of Canadian interests. For instance, before Henderson put ceilings on lumber imported from British Columbia, the lumber controller's office in Ottawa was invited to sit in on the table discussions. You can multiply instances like that.

There are some open doors for increases in wage rates beyond the fixed date of Sept. 15 providing they do not jar the price ceilings. Here decision rests with the War Labor Board, with the director empowered to intervene only in certain instances. The Board has largely favored labor in its decision, but it is too early to forecast future policies on the basis of the President's latest directive. Certainly there will be increases where there has been no prior adjustment for the cost of living.

And as for that $25,000 a year ceiling on salaries, well, no one has the answer yet; not even the president, who admitted at his last press conference he did not understand this provision of the order either and that he was leaving it up to the treasury experts.

The government of Canada has announced plans to finance much of the war expenditure out of current revenue. War taxes of various sorts are being imposed. To meet them the first step is to save systematically. Open an account with this Corporation and be ready when the government calls.

2% on Savings—Safety Deposit Boxes $3 and up—Mortgage Loans.

CANADA PERMANENT Mortgage Corporation
Head Office, 320 Bay St., Toronto
Assets Exceed $66,000,000.

Sturgeon River Gold Mines, which is to suspend production shortly, showed a lower production in September:

1942:	Tons milled	Tons daily	Recov. per ton	Total recov.
Sept.	1,724	57	$25.54	$44,034
Aug.	1,594	51	30.53	48,671

War Risk Rates Raised In Gulf

Premium Also Increased Between Canada and Newfoundland

Submarine activity in Canadian waters has resulted in increases in war risk insurance rates in the areas most affected. In some other areas rates have been reduced.

On the route between North Sydney, N.S., and Port Au Basques, Nfld., on which the Caribou was torpedoed, the rate has been increased from $2.50 per $100 of value to $5.

In the Gulf of St. Lawrence the rate for local voyages in the zone from Clark City and Seven Islands up the St. Lawrence to within 180 miles of Quebec has been increased from 50 cents per $100 of value to $5. This does not affect ships actually crossing the Atlantic, on which the rate is $10 to the United Kingdom west coast ports.

Other Changes

Other changes announced are:

A reduction between U. S. Atlantic Gulf and Pacific ports or from Brazil and Argentina, from $17.50 to $15.

A reduction between the U. S. West Coast, Canada, South and Central America and Mexico to or from U. S. Atlantic ports, from $15 to $12.50; the same shipments to or from U. S. Gulf ports, reduced from $13 to $10.

An increase between U. S. Atlantic and gulf ports to or from these points: Africa (excluding via Mediterranean, Red Sea, Gulf of Aden ports), from $17.50 to $20; Port Said and Suez, $20 to $22.50; Egyptian Mediterranean ports, $22.50 to $25; Persian Gulf ports and west coast of India ports and Ceylon, $17.50 to $20; east coast of India ports not east of Calcutta, $22.50.

A reduction between U. S. Atlantic and gulf ports to and from Australia, New Zealand and Tasmania via the Panama Canal from the Pacific Ocean, from $17.50 to $15. The rate between U. S. Pacific ports and Australia, New Zealand and Tasmania via the transpacific route, unchanged at $7.50.

Montreal Tram Traffic Near Peak

Passengers Carried During Third Quarter 24% Over 1941 Like Period

From Our Own Correspondent

MONTREAL. — Passenger traffic on the Montreal Tramways System has reached record proportions. The number carried in the three months' period ended September 30 amounted to 76,852,364, an increase of 14,434,678, or 24% over the same period in 1941.

Passengers carried in the first nine months of this year numbered 231,411,831. This was more than carried in the full year of 1940 and an increase more than 20% over the figures for the like period of 1941.

To carry this increasing number of passengers, street cars, buses and trolley buses operated 31,767,261 car and bus miles in the first nine months of 1942. This represented an increase of 3,954,601 miles over the same period of 1941.

Carry 42,383 an Hour

Average number of passengers carried by the Montreal Tramways each day for the first nine months of 1942 was 847,662, or 42,383 each hour of the normal operating day of 20 hours.

The company's vehicles travelled each operating day an average of 5,818 miles, or the equivalent of the trip by rail from Montreal to Vancouver and return.

Life Companies Study Curtailment

Estimate is That They Currently Have Total of 17,500 Employees

In line with a government request, life insurance executives are studying curtailment plans and are understood to have named a committee to report to Ottawa on what can be done.

One suggestion is the elimination of some of the numerous forms of contract. This might serve to reduce the volume of office work now necessary. Many companies have already done a great deal to reduce office routine.

A rough estimate is that insurance companies have 10,000 male employees, including agents, and about 7,500 female employees.

Quebec Pulp Plans Speeded

Province Files Petition of Bankruptcy — Will Protect Shareholders

From Our Own Correspondent

MONTREAL. — Quebec Streams Commission has filed a petition of bankruptcy against the Quebec Pulp & Paper Corp.

The statement issued by Hon. Cote, Minister of Lands and Forests, attributed the action to the fact that the company owed some $1.8 million to the Commission re the storage dam at Lake Kenogami.

In his statement, Mr. Cote said that the action was "the only practical way to reopen the mill and obtain for the Chicoutimi workers a permanent industry which will not be a paper industry." The mills have been closed since 1930.

Protect Shareholders

The minister's statement also noted that "the government is determined to act in such a way that, while the recovery of its claim is assured, the preferred shareholders obtain the fair treatment which they deserve in the reorganization it is desired to bring about."

Several weeks ago the provincial government requested Price Bros. & Co. and Consolidated Paper Corp., which between them owned all the common to surrender their stock to the government. There is no equity back of the junior security and its surrender was desired by the government so that negotiations could be continued with the Aluminum Co. which seeks to acquire certain rights from Quebec Pulp & Paper.

Meanwhile the preferred shareholders protective committee has deferred plans to institute winding up proceedings pending the outcome of the negotiations between the government and the Aluminum Co.

More Workers In Windsor

Industrial employment in the Windsor, Ont., area reached a total in September of 40,311, according to the Windsor Chamber of Commerce. This compares with 39,029 in August and 31,746 in Sept., 1941. Automotive employment in the month amounted to 29,723 compared with 28,978 the previous month and 22,188 a year ago. This was a new high.

In diversified industries, total employment of 10,588 compared with 10,051 in August and 9,558 in Sept., 1941, and was at the highest level for September on record.

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Co-operate with the Government on oil conservation by installing one of these rugged, efficient coal stokers.

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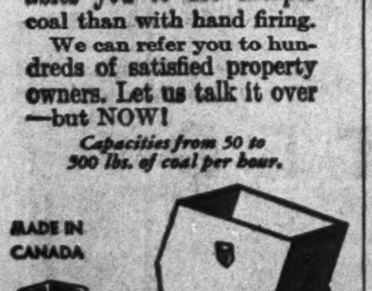

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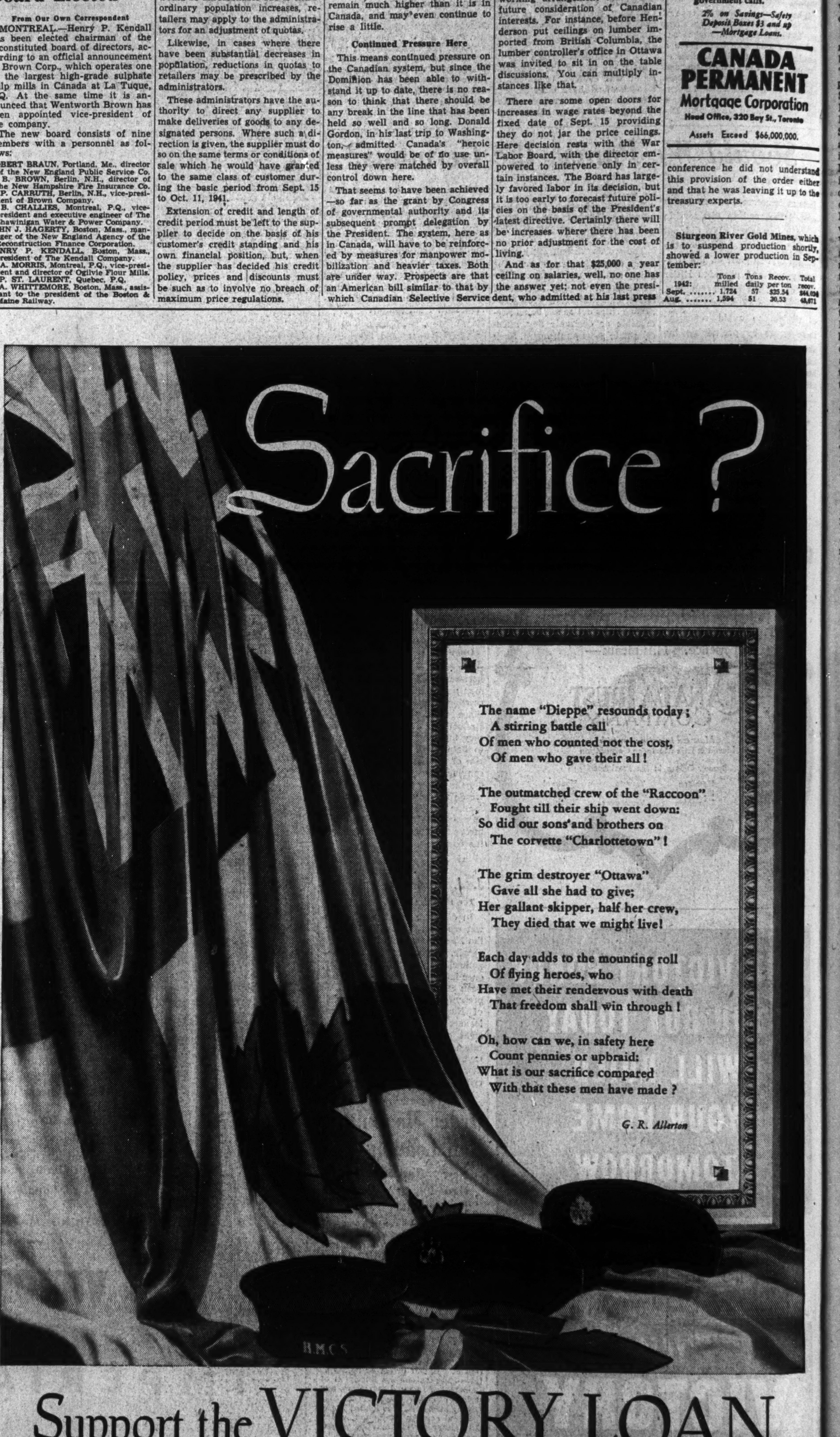

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Balance Sheet of Strategic Materials

United Nations Better Off This War – Critical Items Only 29 vs. 200 Last War

Behind certain terms of our new wartime vocabulary — "priorities," "end use," "quotas," "essentiality," etc. — lies the problem of adequate raw materials for the United Nations war production programme. The raw materials we are able to muster today determine the size of our war machine tomorrow, the length of the war, and indeed the whole question of ultimate decisive victory.

New light on this subject of raw materials for war is shed by the newly published book, "Strategic Materials in Hemisphere Defense," written by M. S. Hessel, Walter Murphy and F. A. Hessel ($2.50, Hastings House, 67 West 44th Street, S. Hessel, Walter J. Murphy and F. A. Hessel ($2.50, Hastings House, 67 West 44th St., New York City). Mr. Murphy is the editor of Chemical Industries, the business magazine of the chemical industry and Mr. Hessel is the head of a well-known consulting firm. While the present situation is seen as extremely critical in many regards, the United Nations, and we in this hemisphere in particular, are regarded as being infinitely better off than the Allies in the last war. Granted the whole-hearted co-operation of various countries in this hemisphere and we will have few long-termed procurement problems, the authors state.

Even without the co-operation of Latin-American countries — which is expected — United States could by rigid controls and sacrifices still manage a high level of war production for several years.

14 Strategic Materials

Due to the progress made by its chemical industries, the United States, for instance, only finds 14 materials in the really strategic or essential category. Last war the United States suffered critical scarcities of no less than 200 commodities before peace came.

The outlook as regards the 14 materials U.S. Army-Navy Journal classifies as most essential in a strategic sense is not too unsatisfactory. Steps have been and are being taken to prevent shortages of any of these materials from seriously affecting war production. Of the 14 materials, nine are minerals—antimony, chrome, manganese, mercury, mica, nickel, tin, tungsten and quartz crystal. The non-metallics on the strategic list are cocoanut shell "char" for gas masks, manila fibre for marine cordage, quinine, rubber and silk—all vital to our armed forces except cocoanut shell "char"—this product is no longer needed—its place now being taken by "active" carbon produced from hardwoods.

15 "Critical" Items

Besides these 14 first line strategic materials for which substitutes will be required or which other countries must supply the United States war machine, there are 15 other materials (including five minerals) which are critical in a sense that they are essential to war production but are either not so necessary as the 14 strategic materials or are in more adequate supply from domestic sources.

The 15 critical materials, some of which Canada can supply, are as follows:

Aluminium	Asbestos
Graphite	Platinum
Vanadium	Phenol
Toluol	Opium
Iodine	Optical glass
Kapok	Cork
Hides	Tanning materials
Wool	

Metal and rubber shortages will be more seriously felt than loss of tin, it is suggested. Supplies of the United States of around 600,000 tons of raw rubber at the beginning of this year will be little enough to tide that country over until synthetic rubber production reaches its stride. It will be 1944, the authors state, before synthetic rubber will take care of even 60% of the United States requirements. Peacetime consumers in the United States and elsewhere must do without. The cost of synthetic rubber is given as three or four times that of the natural product but mass production may bring unit costs down.

Feel Tin Pinch

When it comes to tin, "Strategic Materials" has this to say:

"It is hard to conceive of a situation in which we would be thrown entirely on our own resources (for tin supplies); and if we were, we would still have enough tin to meet our most pressing needs. There would have to be uncomfortable readjustments, but our war effort would not be seriously impeded by lack of this important material."

Tin stock piles and crude tin supplies from Bolivia smelted in the United States, have taken some of the sting out of the loss of tin supplies from the Far East. Tin supplies for the next few years will have to be devoted to war purposes but it is hoped no serious slowdown of our war effort will result from tin shortage.

Steel, "heart and life-blood of armaments" requires no less than four of the scarce strategic materials — chrome, manganese, nickel and tungsten — and some of the critical materials as well.

"Steel Starch"

Manganese, "the starch of steel," is the most essential of all. It possesses none of the spectacular qualities of nickel, aluminum and chrome but is even more vital to our industrial system. Manganese is just as essential as coal and iron themselves.

The United States, a huge consumer of manganese, stockpiled this strategic material before Pearl Harbor and must now dig into this reserve while domestic and Latin-American sources of lower grade materials are opened up.

New processes developed may prevent a manganese shortage from seriously affecting quality of steel turned out later on. Imports of high grade manganese ore from India, Cuba and South Africa have been substantially increased and take care of most, if not all, of going requirements.

Madagascar Helps

Graphite is the "grease" for molds into which molten steel must be poured. Our conquest of Madagascar assures us one of the most important sources of this material. Ceylon also sends us large quantities of graphite.

Chromium is needed to make steel hard, tough and strong. Noting that the United States has large supplies of low grade ore in Montana, the authors of "Strategic Materials" state: "If a process now being developed in Canada for manufacturing ferro-chromium from low-grade ores should ever prove commercially successful, ore deposits would gain immeasurable value." (It was reported in The Financial Post several weeks ago that apparently the same process — developed by Chromium Mining & Smelting Corp. — had now been proved a commercial success.)

As long as Britain and the United States rule the waves, it is thought that chrome supplies will not present a problem of too serious import.

Nickel From Canada

Nickel, fortunately, can be supplied by Canada in large quantities. New Caledonia produces some extra nickel and this source is assured the United Nations through the recent occupation of the south-eastern Solomon Islands by United States. Large scale plans for increasing nickel production are being worked on in Canada and in Cuba.

There isn't nearly the worry over nickel that there is over tungsten. This important alloying element, especially suited for high-speed cutting tools, used to come out over the Burma Road from China. Considerable stock piles were built up prior to the Japanese attack on Pearl Harbor. Now North and South America are being combed over for new sources to replace our Chinese supply. Bolivia is now turning out a considerable quantity of tungsten and new sources are being opened up in the United States. Canada is making an important contribution. Fortunately, uses of tungsten can be curtailed while savings in its use have been possible through substitution of molybdenum, of which we have a greater supply. Tungsten supplies may be flown from China to India if this is not already being done.

Why Antimony Needed

Of all the strategic minerals none has more uses of a direct military character than antimony. Only mercury has applications of greater military importance, it is stated. Fortunately, both metals are used in very small amounts. Antimonial lead is used in bullets, babbitt and other friction-bearing metals, battery plates, medicine, white smoke for range finding and handling important chemicals in munitions factories. Bolivia and Mexico turn out a considerable proportion of requirements of antimony from an ore called stibnite. A substitute called Frary metal has helped relieve the antimony situation.

Use Mercury

The strictly military uses of mercury are in fulminates to detonate high explosives and in anti-fouling paints for naval vessels. Also important in wartime are its uses in scientific and electrical instruments and in hospital disinfectants. Steps have been taken to cut off non-essential uses of mercury. Increased prices have also brought a great increase in production on this continent. The United States doubled its production in 1940 alone and a large output is now flowing from Canada.

Much of the mica required by our industrial machine is imported from outside this hemisphere. But in the face of dire necessity, it is thought that a sufficient production of the proper grade could be secured to give self-sufficiency.

Ahead in Crystals

Quartz crystals — strategic because the electrical industry has to have them—are fortunately available in adequate quantities. Brazilian "pebbles" have particularly desirable quantities.

Brazil is the only source of these pebbles and now that the United States has contracted for practically Brazil's entire output, Axis countries may suffer from a shortage if this is a long war.

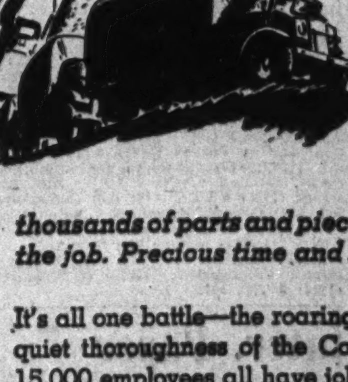
While North America has huge supplies of many raw materials, the authors stress the fact that new sources of other materials must be developed if we are to have a fully integrated war machine. New sources and substitute materials developed can well be the basis of a postwar prosperity, it is pointed out.

White mica—vital to the electrical industry—is now being mined at Eau Claire, Ont., 25 miles east of North Bay. Pictured above is the Purdy crystal, the rich original find, which has already contributed $11,000 of high grade mica. An exceptional crystal, it may return as much as $1,000 per vertical foot on further "mining." Since the Purdy discovery, a number of other mica mining operations have sprung up in the area. Mica Consolidated Mines—consolidating Amic and Mattawa Syndicates—is working two adjacent mica-bearing dykes and has set up a processing plant at Bonfield, while Inspiration Mining & Development Co., working another showing, has established a trimming and cutting plant at Mattawa.

THE BATTLE begins here

In a quiet, hospital-like department in Ford's Windsor plant there's a battle going on every second. Strange-looking machines twist steel as you would twist a telephone cord, stretch solid metal as easily as youngsters pull taffy. A giant X-ray machine shoots pictures through solid steel seeking out hidden defects. Continuous salt spray beats on parts of army vehicles, giving them a "lifetime" test in a few hours' time.

Here you find a machine designed like a guillotine (see foreground illustration) which crashes a weight down on a Ford-built gear. This shattering "kick in the teeth" is but one of the tests through which Ford's fighting machines must pass before they are given an A-1 rating for war.



Down the winding roadway the motorized column sweeps into battle position. Huge 3-ton lorries bring up thousands of men, tons of supplies and ammunition in an endless stream. Mile after mile over rugged terrain these modern military pachyderms roll on—carrying the battle into enemy territory. That Ford gear—and every one of the thousands of parts and pieces of a military vehicle—must stay on the job. Precious time and brave men's lives may depend on it.

It's all one battle—the roaring advance of an Empire column and the quiet thoroughness of the Canadian test lab. At Ford of Canada, 15,000 employees all have jobs to do. They know what they're doing and they know how to do it. The productive efficiency of "the Ford way" of doing things has made Ford of Canada's Windsor plant a vital source of mechanical vehicles for the United Nations.

"NOTHING MATTERS NOW BUT VICTORY" Buy the New VICTORY BONDS

FORD MOTOR COMPANY — Makers of FORD V-8, MERCURY, FORD TRUCKS — OF CANADA, LIMITED

Are You Paying Too Little or Too Much?
What is the Proper Tax For Your Business to Pay?

To answer the questions involved in today's complicated tax setup, Molyneux L. Gordon, K.C., Toronto, has written this new and authoritative series of articles for The Financial Post.

Mr. Gordon has specialized on tax questions, and is the author of "Digest of Income Tax Cases of the British Commonwealth of Nations," published by the Department of National Revenue, Ottawa, 1939 with one supplement 1937-39 and another to appear next April. Mr. Gordon is also the author of, "Digest of Excess Profits Tax Cases of the British Commonwealth of Nations, 1942." Any of these works may be obtained on application to The Financial Post, Toronto.

Capital Gains are Sometimes Taxed

Article Number Five
By MOLYNEUX L. GORDON

Taxable income does not include capital receipts, but in order to determine what is a capital receipt it is necessary to consider who you are, what you do, the number of similar transactions in which you were engaged, the length of time you held the capital asset, the reason why you bought and sold the same, and the method you adopted in realizing the same.

An individual taxpayer is in a much more favorable position than a syndicate or a company.[1] If an individual buys land as an investment [2] he is taxable on the annual income derived therefrom, but if he sells the land at an increased price, the price is a capital receipt and non-taxable.

If he joins with others to form a syndicate [3] to purchase land, he is more likely to be taxed because most people like to use their own judgment in making investments and only join with others when they require additional funds to finance a business.

If, however, the taxpayer incorporates a company to purchase land [4] and this company has power to buy, sell and rent land, the company is certain to be taxed both on the income and any capital profit because it has frequently been decided [5] that if a company is incorporated with power to do certain things and earns a profit this profit is taxable. In addition to the tax payable by the company, the shareholders will be liable to pay tax on dividends.[6]

Mining Company Caught

One of the best examples of this principle is a case in England [7] where a very successful company bought mining prospects, proceeded to develop the same and if results were satisfactory incorporated companies and sold the shares to the public. In order to obtain further capital they allowed private investors to take an interest in each prospect. In was held that, as the company carried on the business of developing mining claims, all profits were taxable, but as the individuals were not carrying on business, their profits were tax free.

Investment companies are not taxable on profits due to an increase in the value of their securities, provided 51% of such securities pay dividends. But banks and other companies whose business is to buy and sell securities are assessable on profits due to an increase in value of such securities, but owing to the fact that such securities usually fluctuate in value they are not taxable until the same have been realized.

Taxes on Liquidation

If a realization company operates a factory and makes profits, such profits would be taxable, but a realization company does not make a taxable profit if it disposes of an asset at a sum in excess of the book value. This principle was first laid down in the well-known Glasgow Bank case [8] and has since been followed in Australia.[9] Later a company in Australia [10] was incorporated to take over the assets of three other companies which were realizing the property of three insolvent banks and was held taxable on such profits because the shares in the new company were actively dealt with and the court held that this company was not realizing the property for the benefit of the original creditors but for the benefit of its own shareholders.

It was pointed out, however, that it was not correct to single out any particular asset and say that a profit had been made if it was sold for a sum in excess of the book value because other assets might be sold for less and the tax should only be charged if the total realization showed a profit.

Damages and Taxes

If damages are recovered on account of injuries to capital assets,[11] such damages are a capital receipt and non-taxable. If damages are recovered for breach of ordinary trading contracts or for injury to current assets, such damages are considered income receipts and must be credited to income.

If compensation is paid for the cancellation of a contract which results in the destruction of the business, then such damages are considered a capital receipt. The best example of this sort of thing is the case of the Anglo-Persion Oil Co.[12] which paid £300,000 to cancel an agency agreement. The court held that as the company obtained no permanent benefit from the cancellation of the contract and that as the engagement and dismissal of agents was an ordinary incident of every commercial business, it was an income payment and the company was entitled to deduct the amount from their profits. The authorities then endeavored to assess the agents [13] and it was held by the Privy Council that, as the business of the agents had been destroyed, the monies received were a capital payment and non-taxable.

Position of an Executor

It is the duty of an executor to complete the contracts of his testator and to realize his property with as little delay as possible.

If the executor does nothing more than market the property any profits which he realizes will be non-taxable.

If, however, he carries on the business of the testator, it may be held that he is personally trading with the assets and consequently he will be liable to tax in the same way as if he personally were engaged in business.

Two English cases illustrate this principle. The late Mr. Cohan [14] was a shipbroker and from time to time he purchased ships on his own account, and after each ship was completed, transferred her to a company which sold shares to the public. Prior to his death he had contracted to build a ship. After he died, the shipbuilders offered to cancel the contract but the executors decided to carry out the contract and made a profit. It was held they were not carrying on a business and were non-taxable.

On the other hand, a Manchester diamond merchant died in June, 1927;[15] after his death his two sisters, having advertised the business for sale without success, carried it on in the same shop until March, 1928. They were held taxable on the profits.

Inventions and Royalties

Unless a taxpayer spends a large portion of his time in perfecting inventions, it is not likely that it could be held that he was carrying on business as an inventor and consequently, if he sells his patent for cash,[16] this is a capital profit and non-taxable. On the other hand, if he stipulates for a royalty,[17] this royalty is taxable as income.

If you are a skilled person and have particular knowledge of any special trade and by reason of this knowledge are able to buy and sell at a profit, then any speculation in the articles in which you are familiar is usually taxable.

Four wine merchants in England purchased a large consignment of brandy in South Africa and after blending it with other spirits they sold it at a profit.[18] It was held that as they had knowledge of the wine trade, the profits were made in the business and taxable. In the same way, if you engage in speculation and find that you have set up an organization to handle the transaction, even if you do so unwillingly, there is little doubt that you will be taxable on the profits because, although you may not have intended to carry on the business, yet circumstances have forced you to do so.

Selling War Goods

Shortly after the war, a man not connected with the linen trade bought 44 million yards of linen from the British Government and endeavored to sell it to the principal linen merchants in Belfast [19] pointing out that if he threw this material on the market their trade would be destroyed. They refused to deal with him and he then organized a large staff in London and after making some sales was able to persuade the linen merchants to buy him out. He claimed that he was not connected with the linen trade and did not wish to engage in the same, the profits were a mere accretion of his original investment; but the courts pointed out that in order successfully to carry out his original idea he had organized a large business and had thus become a linen merchant and his profits were taxable.

In most cases the question of your intention in entering into a transaction is most important.[20] If you can persuade the court that you intended to make an investment which you were lucky enough to sell at a profit, then you will not be taxed upon the rise in value; but if it is found that you bought the property with the intention of re-selling it, as soon as it rose in value, particularly if it is the kind of property which is subject to trade, you probably will be taxed on the profits. The entries in your books [21] are not conclusive as to whether receipts should be credited to capital or income; but in cases where your intention is important and you do credit receipts to income you cannot object very much if the authorities agree with you.

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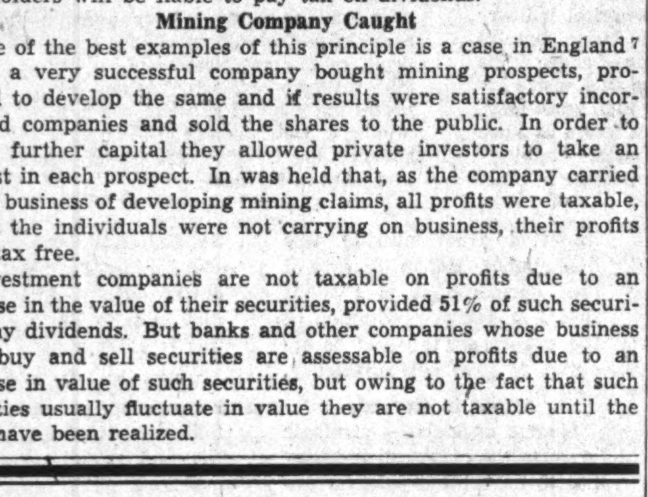
NOT A CONTRAST



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POSTER ADVERTISING ASSOCIATION OF CANADA
80 Richmond St. W. Toronto

Fairchild Speeds Machine Output

Aircraft Contract Position Outlined — Build Plant for Dive Bomber

From Our Own Correspondent

MONTREAL—Number of aircraft prouced by Fairchild Aircraft Ltd. during the year ended June 30 last was four times that of the previous 12-month period, according to a statement made by H. M. Passmore, president, in his annual report.

Further contracts have been awarded by the Department of Munitions and Supply for the manufacture of Bristol Bolingbroke bombers. It is anticipated this order will be completed before the end of next year.

Build Own Bombers

In addition Mr. Passmore reports the company has been instructed to proceed with the manufacture of the Curtiss SB2C-1 dive bomber under license from the Curtiss Wright Corp.

An extension is now being put on the plant to provide the additional space required for the production of the dive bombers. When this extension is completed, Mr. Passmore says the company will have over 600,000 square ft. of manufacturing space compared with 38,000 square feet in 1937.

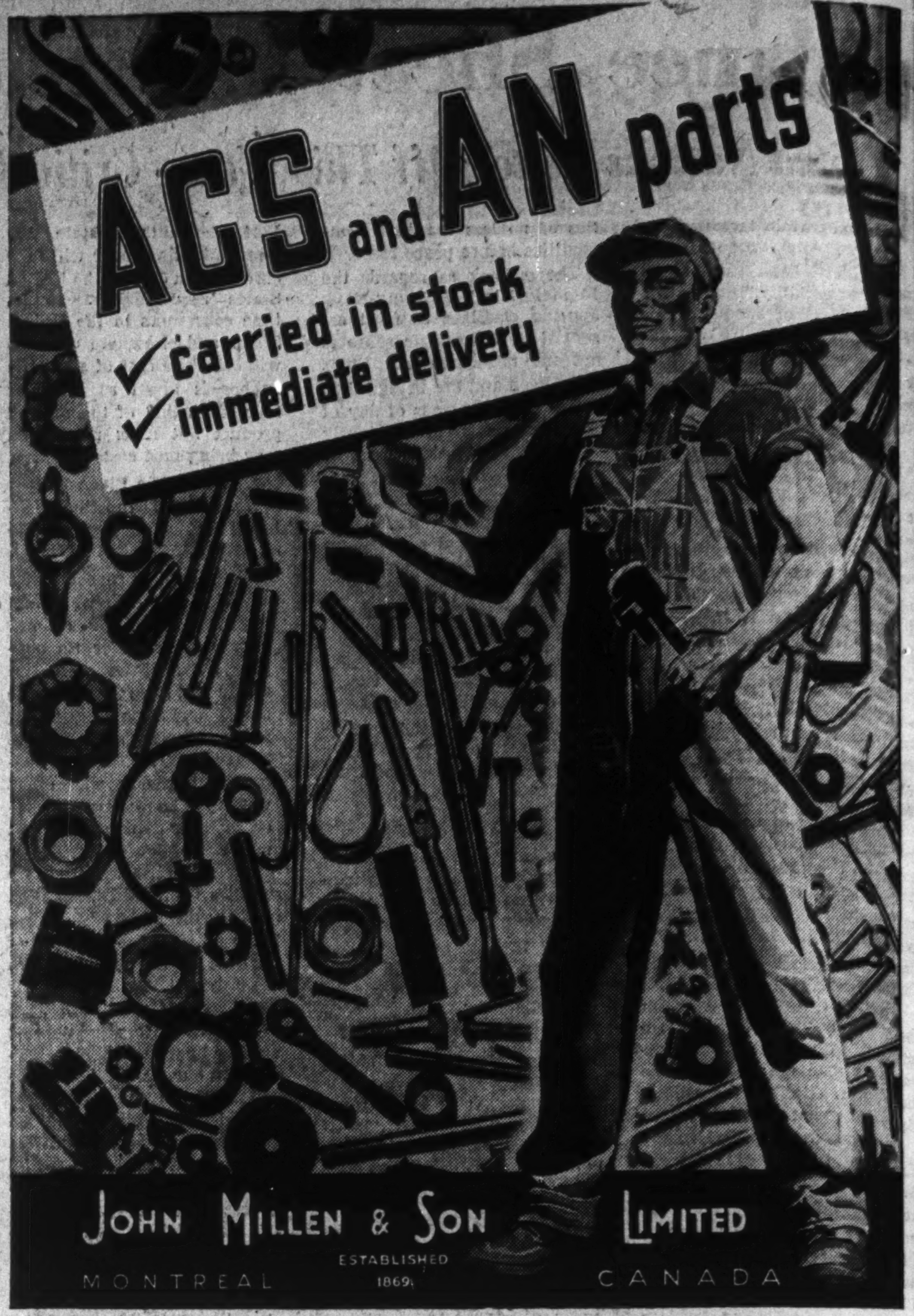
It is reported the company's personnel increased by 40% during the past fiscal year, with payrolls for 1941-42 aggregating $8.5 millions.

Priorities Limit Telephone Growth

From Our Own Correspondent

MONTREAL.—Establishment of priorities in installations, has had the effect of sharply restricting telephone development, according to a statement issued by C. F. Sise, president of the Bell Telephone Co. of Canada. Up to the end of August this year, the net gain in installations was about 6,000 less than for the like period of 1941.

Long distance traffic, Mr. Sise reports, for the year to date, shows an increase of about 12% over 1941.



Your Income Tax

Payments of income taxes collected at the source have now started. In this weekly column, The Financial Post answers problems you may have in connection with your income tax. In some cases, rulings have yet to be made, hence The Post can only cite informed opinion.

Free Lance Writer

I am a free lance writer by profession, writing special articles for magazines and acting as correspondent on space rates for some daily newspapers. How do I pay my income tax? So far I have not had any deductions from my pay cheques. I made a quarterly payment on Oct. 15 but am wondering what I should do for the balance of the year.

You should continue to pay your income taxes yourself by quarterly payments. The companies to which you sell articles and for which you correspond do not deduct tax, it is understood, because they are not paying you a salary or a wage. Nor do they know how much of the money they pay you may be deductible as an expense. The money you get is considered of the same nature as fees paid a professional man such as a doctor or a lawyer. Accordingly your procedure of paying in four installments is correct. The first two installments will each be one quarter of your estimated tax for 1942. By April you will know definitely what your 1942 income was and on April 15 should pay half the unpaid balance of your tax after deducting the payments made Oct. 15 and Jan. 15, the remainder should be paid July 15.

Deceased Persons

What happens when a person dies in the middle of a taxation year? I have a relative who died in July. Is there tax due on his income?

If his income in 1942 exceeded $660 his executor or administrator should make an income tax return and pay the income tax due. All income received by the deceased should be included in the return.

N.D.T. Deductions

In The Financial Post you say national defense paid already may be deducted from taxes due on 1942 income. Is this amount deductible from the installment payments at present being made, or are they allowed when making the income tax return next September?

The national defense tax already paid is deductible from installment payments at present being made, whether these installments are paid by deductions from salary or wages or by quarterly payments on other income. The way the deduction is made is as follows. Compute the total tax due for the year, dividing it into non-refundable and compulsory savings portions. Then calculate the amount of the national defense paid in 1942 up to Aug. 31. Deduct this from the non-refundable part of the income tax. The balance of the total tax due is the amount payable in installments. If you are drawing salary or wages, the deductions your employer makes have already allowed for national defense tax paid in the first eight months. But if you are paying your income tax direct by four quarterly installments, you should follow the procedure just outlined, also deducting from your estimated tax, national defense tax already taken off dividends you may have received in the first eight months of the year.

Pays Alimony

What is the income tax position of a man as regards alimony he pays his wife? A client of mine derives his income from professional fees and investments, and pays his wife alimony. I understand he is allowed some deduction for this from income for income tax purposes.

He is allowed to deduct from his income tax the tax payable by the wife, computed at the rates set for a single person as if the alimony were her only income. Thus if the alimony payment is $1,250 a year and there are no dependents, her income tax on her alimony would be $267 and your client would be allowed to deduct this from his income tax payable.

Taxes as Expense

My business is a sole proprietorship and in the past all my income tax has been paid out of my private savings accounts. Now that the tax rate for 1942 is so high, am I allowed to set apart a reserve for these taxes which are payable in four installments? Can I charge the taxes to general expense instead of capital account?

It makes no difference what fund you pay taxes from, as long as the government gets the money. If you set up a reserve against the taxes you cannot deduct this from your income before computing your taxes. Income taxes are not deductible as an expense like sales taxes, stamp taxes, etc.

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Inter. Paper Profits Down

From Our Own Correspondent

MONTREAL.—Earnings of International Paper Co. for the third quarter of 1942 reflect the decline in paper production in the United States which began last spring and carried through to midsummer.

Because the company has a large part of its earnings, before taxes, in the excess profits area, however, 90% of the reduction in such earnings, before taxes, will come out of the company's tax bill, and only 10% out of its earnings available for stockholders.

Tax Acts as Cushion

The net result for the quarter will be earnings appreciably under the $2.2 millions, or 55 cents a share on the common stock, for the quarter ended June 30, 1942. Because of the cushioning effect of the excess profits tax on any decline in net before taxes, however, the company will undoubtedly earn the preferred dividends for the quarter, with some margin left over for the common stockholders .With 925,966 shares of preferred stock outstanding, $1,157,457 is required in each quarter for dividends on this stock.

The most important factor in International's earnings picture is federal taxes. In the first half of 1942 sales increased to $115.2 millions from $93.8 millions in the corresponding period last year. Federal taxes, including reserves against additional taxes, took $18.5 millions for the first half of 1942, which was 80% of the earnings before such taxes. In the first half of 1941, federal taxes amounted to $7.9 millions, which was only 54% of the net before such taxes.

..WE LOSE *Everything*

What good would your money and property be if it were swept from you by our loss of this war? If you shrink from rigorous self-denial now, *we can lose* this war. The shadow of Nazi slavery would engulf everything you own . . . and everyone you love.

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LONDON CALLING

WRITTEN EACH WEEK EXCLUSIVELY FOR THE FINANCIAL POST BY *Adelphi*

LONDON.—The House of Commons is a queer place these days. No one, except the prime minister, is ever missed if he goes away. A wanderer returns after a year's absence and almost has to tell his colleagues on his return that he has been absent.

This thought occurred to me when I ran into Sir Edmund Findlay, the tall good looking member for the Scottish constituency of Banff and the owner of the famous Edinburgh newspaper "The Scotsman." Vaguely aware that I had not seen him recently I asked where he had been. "In Iceland," he answered. As he was in civilian clothes I asked him how far he had risen in rank. "I'm still a second lieutenant," answered the 40-year-old soldier-proprietor-politician. Which, for a change, just shows you what influence cannot do.

Another peregrinating M.P. I met was Victor Cazalet, that rich mysterious bachelor who won the M.C. in the last war, is the friend of premiers and kings and yet somehow never gets beyond being a private member of the House.

I said to Cazalet: "You have been away." He was obviously much pleased that someone had missed him. "Yes," he said. "I have been to Russia, Egypt and Syria."

Before I could question him any further I saw an officer limping into the House on a cane and recognized the 30-year-old Somerset de Chair, who was a puckish, provocative boyish M.P. who enlivened the debates during the Chamberlain era. But he had aged and walked slowly and in obvious pain. "You have been away," I said confidently.

"Yes," he said "out in the Middle East. I got mislaid in one of the battles. We were trying to find contact with our fellows when a German plane spotted us and went after me. There was no shelter anywhere and they hit me five times. Afterward I was picked up and another plane dive bombed the ambulance and got me again. I developed a decided feeling of being persecuted."

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Two Heroes

The next M.P. who crossed my path was Sir Roger Keyes, V.C., the hero of Zeebrugge, the man who trained the Commandos in the present war and was then abruptly dropped.

A grand man, this bravest of the brave. He may have become difficult, for it is the habit of the hero of one war to be a problem in the next, but his soul is clean and his heart is young. And above all he has the spirit of the attack, a legacy which he handed down to his son.

Sir Ian Fraser, the handsome South African who as a boy of 21 was blinded in the last war, rides, swims, plays bridge, finds his way around the Houses of Parliament, presides over the destinies of St. Dunstan's and is a governor of the BBC. Now he is receiving the blinded of this war and by his own example teaches them that life can be lived though the lights have gone out for ever.

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Young Mr. Pitt

Just for a change, let us talk for a moment about films. A film "packing them out" in London is "The Young Mr. Pitt," and since the British usually see nothing but America on their screens, they are pleased and flattered with the novelty.

Strangely enough the Younger Pitt has never really entered the consciousness of the people over here. Whether it is because the mighty figure of his father overshadowed him, or, what is more likely, he lacked something vital or warm in his personality, the British have got no further than remembering that he became prime minister in his early twenties—and that's that.

It was left to the portly Earl of Kenmare to resurrect young Pitt and put him in his proper place. Incidentally the worthy Kenmare himself would make a good film although it would require a large screen for he is of Gargantuan proportions. As the handsome slim young Valentine Browne of Ireland he went out with the Irish Guards in the last war and was badly wounded.

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London's Winchell

After the war he entered finance in London, for the Irish nobility are not renowned for their cash reserves, but he found stocks and stock-brokers dull company. So he took up journalism and wrote a column of gossip in The Sunday Express which so shocked Mayfair that contumely was heaped upon his head. Something had gone wrong with his glands and he had grown enormously fat but there was no fatty degeneration of his mind. He had wit and unexpectedness, and he flayed Mayfair unmercifully.

Then journalism bored him. He became almost a recluse and his one enjoyment was books. He probably read a book about Pitt the Younger. At any rate he began to work on a script. Hollywood heard about it and decided to make a film of the story in Britain at a cost of some £250,000. Robert Donat was engaged to play the principal role and when the shooting began we saw the astonishing spectacle of Kenmare emerging from his flat at 8 o'clock in the morning in order to get to the studios.

Now the British are being told for the first time—as far as the general memory is concerned—that Pitt was prime minister for something like 15 years, that he fought a dictator called Napoleon almost throughout the tenure of office, that Britain was ill-prepared for war and that many of his advisers refused to believe that Napoleon really intended to overrun Europe and so on. The parallel is too obvious to need underlining.

It is a grand film. The English may not produce a Gable or a Tyrone Power or a Robert Taylor but as someone said at the film: "How beautifully the English speak English!" Such is the influence of the films that probably young Mr. Pitt will now completely eclipse his illustrious father in the minds of the public. And the Portly Valentine Browne, later Viscount Castlerosse, now Earl of Kenmare, gossip writer, wit and man about town, will have to write another script in order to restore Chatham to his rightful throne.

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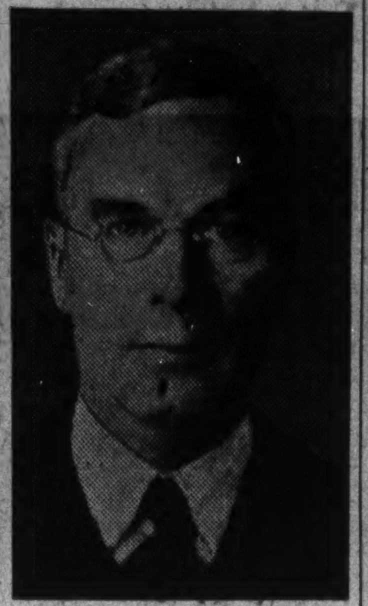
Old Tory

The Conservative party goes on its way, puzzled and still hidebound by tradition. For example the 80-year-old Lord Salisbury is president of the party. It is true that the post is more ornamental than anything else and that the reins are held by Winston Churchill as leader and Major Dugdale as chairman. But Salisbury is out of tune with the restless spirit of the times and the social upheaval that is going on.

As a matter of record there has been a Cecil in the Government of Britain almost without a break for three centuries. They are a brilliant family, although their brilliance varies, as is the habit among members of a family. But even a passionate adherence to tradition might have been satisfied with the fact that Lord Salisbury's heir, Viscount Cranborne, is Leader of the government in the House of Lords.

No wonder the British Parliament used to be called the Hotel Cecil. It still qualifies for that distinction.



TAKES WABASSO POST

Norman J. Dawes, of Montreal, president of National Breweries Ltd., who has been elected vice-president of Wabasso Cotton Co. Mr. Dawes has been associated with the cotton company for many years as a director.

Cotton Operations Levelling Off

From Our Own Correspondent

MONTREAL. — Seasonal improvement in operations is indicated in the number of bales of cotton opened during September. According to the Cotton Institute of Canada the mills opened 38,013 bales. This contrasts with 37,266 the month before.

Operations of the industry have tended to level off, the returns for last month being below the monthly average of the past three years.

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B.A. Oil

What is the present situation with B. A. Oil? Do you think this would be a reasonably good investment for the post-war period?

Market price for B.A. Oil Co. currently is not far above the low for the past several years, whereas it has sold several points higher than the current level. The company has a reasonably stable earnings record and, while there is no official assurance on this point, there seems to be a good chance that 1942 earnings will approximate the $1.00 per share dividend rate. Net profits in 1941 were $1.05 per share as compared with $1.11 in 1940 and $1.41 in 1939.

While gasoline rationing may have an adverse influence on the current earnings, it seems quite likely that the company will be able to maintain or perhaps increase its volume of sales to other than strictly civilian channels. The company's record of earnings before the war combined with its aggressive managerial performance are grounds for a reasonable expectation for a satisfactory post-war performance.

Union Gas

With the many recent changes what is the position now of Union Gas Co?

Union Gas Co. of Canada has been severely hit by changes which the war has brought. When the company decided to defer its regular dividend on Aug. 8, the president outlined the reasons behind the company's difficulties. For many years, it has stressed the sale of gas to householders and commercial institutions for heating purposes. A relatively small amount of a natural gas was sold to industries, but this industrial load was to be cut off at any time to protect the supply of domestic consumers. War brought an ever increasing demand from war industries and the Dominion Government has ordered the company to give this load priority over all other gas consumers.

The result is that the company's efforts over a period of years to build up a market among domestic users for house heating purposes have been hit. In addition, the unusual demand being made on its gas supplies resulted in shortages last winter and are likely to mean further shortages this winter. All this injures the company's relations with the consumers and brings up the spectre of dwindling gas reserves.

Haileybury, Ont.

I understand that Haileybury, Ont., has gone into default. Will you outline the events leading up to this situation?

The town of Haileybury, Ont., went into default on its debentures this summer and is now operating under the supervision of the Ontario Department of Municipal Affairs. The Department is now checking into the financial affairs of the municipality, but it is probable that some months will elapse before a plan to bring Haileybury out of default is formulated.

Haileybury's difficulties seem to be largely due to the fact that it is a "boom town" that has not lived up to early expectations. For some time there has been a trend of population away from this town to other mining districts or other areas. As a result the remaining population has not been sufficiently great to support the services built up in the town's earlier days. Any revision of the municipality's bond set-up must realize this condition and reduce bond rates to a point where charges can be met by the existing population.

New Books . . .

Accounting Primer

INTRODUCTION TO ACCOUNTING FOR STUDENTS OF ECONOMICS. By T. A. Ashley. Published by University of Toronto Press. Price $1.50.

The author, who is professor of accounting at the University of Toronto, here offers 150 pages of simple, clear, and abundantly illustrated text which will undoubtedly have wide use in educational institutions and should have wider use in business circles than it will probably get. Investors who read the book and digest it thoroughly will be much better fitted to appraise the financial statements of companies in which they are interested, and to look after their financial affairs.

Facts About Canada

THE CANADA YEAR BOOK. Published by authority of Hon. James A. MacKinnon, Minister of Trade and Commerce, by Dominion Bureau of Statistics, Ottawa. Edited by A. E. Millward. Price $1.50.

Termed the "official statistical annual of the resources, history, institutions, and social and economic conditions of the Dominion," The Canada Year Book provides the answer for a tremendous number of the questions that can be asked about this country.

This year again the keynote is increasingly the war and its effect on Canada and its people but this year there is a change from the practice of the past two years. In place of a special introduction dealing with the war, the material is this year incorporated in the regular chapters, particularly those on "Manufactures," "External Trade," "Prices," "Agriculture" "Labor," "Public Finance," and many others.

There are certain special features in this year's book which do not relate to the war, or do so only indirectly. E. H. Coleman, K.C., Under-Secretary of State, writes a chapter on the "Evolution of the Constitution down to Confederation" and in a later edition will publish another article carrying the evolution of Canada's constitution down to the present day. Enid Charles, Ph.D., devotes a special article to reducing the usually romantic facts about marriage to the realms of cold statistics out of which can be calculated the chances of any particular person getting married and, for the women, of having children. History of co-operatives in Canada is told briefly in a special article by J. E. O'Meara and Lucienne M. Lalonde of the Department of Agriculture's marketing service.

These and other articles remove this book somewhat from complete subjugation to figures but the Canada Year Book will always remain the source for much research into the various economic, historical, and physiographical features of this country.

Seek Experienced Advice On Making Your Will

Some men delay making a Will because they do not know how to go about it. Others make a hurried and ill designed Will, naming a member of the family, or Tom, Dick or Harry, as executor.

If you have not yet made a Will, or are dissatisfied with your present one, let us advise you. Our knowledge of financial and estate matters and our executorship experience can help you plan a sound Will, designed for effective protection of your dependents and beneficiaries.

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"—so he may soon come home again."

In thousands of homes, when night falls, thousands of tiny voices whispering against the coverlets, pray for daddy's return.

Thank heaven, they hardly know the meaning of war.

But their mothers do.

And their fathers . . . shivering on the deck of a hunted convoy . . . driving through blinding sand . . . charging across bullet-riddled beaches . . . their fathers know.

And we know.

But each one of us can help to "end the war up quick," as a child would say.

Each one of us can add a little of our dollar-power to the man-power and the munition-power that will be needed before the absent fathers, sons and brothers can come home again.

It will take millions of dollars to win the war.

It will take more millions of dollars to shorten the war.

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Eating to Beat the Axis

Absenteeism, to which poor diet is a big contributor, costs $50 millions in lost pay to Canadian workmen —$75 millions in lost production, equivalent to: 250 big Lancaster bombers not built, hence —1,000 block-busters a night not dropped on the Axis

By ROBERT C. STARK

Canada is missing a chance to drop 2,000 tons of bombs on the Axis; Canadian workers are losing $50 millions a year from their pay envelopes; production loses another $75 millions all as a result of time lost through avoidable illness, many of them due to poor nutrition.

According to the Health League of Canada the average wage earner in Canada loses 9½ days work and wages a year—about nine days through sickness and non-industrial accidents, and half a day through occupational accidents. That means a yearly wage loss of approximately $50 millions. In terms of production the employer's loss is 1½ times the wages lost through this same illness. The $125 millions total loss is enough to build 250 four-engined Lancaster bombers, each of which could carry eight tons of bombs to Germany in a flight.

In the United States the National Research Council in its April, 1942, report finds that 90% of all time lost in production is due to illness, not accidents; 35% to common colds alone.

These figures point up the extent and significance of the problem of absenteeism, the need for an aggressive attack on the comparatively minor ailments which account for the bulk of production losses. Fact that a large proportion of these little but costly ills can be licked by proper nutrition has put Canada's food industry in the forefront of the attack on absenteeism.

Canada produces in abundance everything that a healthy diet requires. To think of Canadians as poorly fed sounds laughable; but it's a grim joke that happens to be true.

To Open Campaign

To remove the point of that joke will be the big job of a nation-wide campaign starting in January. Under the guidance of Nutrition Services, Department of Pensions and National Health, a great advertising and educational programme will be launched to make Canadians more food conscious than ever before. Such slogans as "Let's Make Every Kitchen Work For Victory!", "Know the Right Foods. Eat the Right Foods," will become commonplace.

To many who have seen hundreds of young Canadians rejected from the armed services for being underweight, having poor teeth, for general physical debility there has been only one answer—improper diet over a period of years. The same answer largely explains why at least 50,000 Canadians are absent from their work every day.

In 1939 at Canterbury, England, 834 men rejected as unfit for active service in the army were treated by special diet and various other hygienic measures for a few months. As a result, 87% of those men were later accepted into the army, and of these only 5% were afterwards discharged on the grounds of physical defect.

Food makes a difference to growth. The average gain in weight on joining the Canadian army is eight pounds in the first month.

In a recent service club experiment in Toronto, growing boys on a special lunch gained an average of three pounds in three months against a normal gain for healthy children of 1½ pounds.

In 1939, dietary surveys carried out under the Canadian Council on Nutrition, showed that among the Canadians surveyed there were vitamin and mineral deficiencies. This type of deficiency is not frank starvation but it is a hidden hunger that has a definite meaning right now for the war effort. Fatigue may be brought on by malnutrition of this type and fatigue is a great contributing factor to accidents as well as illness. It will also cut down production.

These are some of the facts behind the January drive. Strong argument backing the facts is that nutrition is being applied for the benefit of our fighting forces, and if it is worthwhile to them it must be worthwhile for our industrial workers and our whole population.

Nutrition Services fills in the background like this:

"Recent dietary studies among certain urban groups in Canada, clinical studies on smaller numbers, and the examination of men called up for defense training show clearly that poor diets and malnutrition are common in Canada. The condition is sufficiently serious, especially in the present emergency, to demand national attention and co-operative action. Since the malnutrition common in Canada is not immediately obvious in its effects there is less concern over it than over some other public health problems. Its harmful effects are none the less serious when all results are considered.

"Nutrition is a particularly complex field. It is not only a complicated medical problem in which much remains to be discovered, but also an economic, social and psychological problem, involving agriculture, industry, labor and other groups. Yet in this field of conflicting interests there are some well-established nutritional principles. These principles are being used for the benefit of our fighting forces, but they should also be applied to all workers in industries, especially if related to defense, and also to the civilian population as a whole. This application of sound nutrition is important directly and immediately and also more remotely for the whole future of Canada. By its present effects on men, women and children, Canada will be building for the peace and for the future."

Aim of the National Nutrition Programme which tees off in January is to help make Canadians healthier through the application of those "well established" principles of nutrition.

Money Not First

When the subject of malnutrition comes up, one almost instinctively thinks of the slum areas—of the poorly fed, poorly clad, poorly housed. That is a mistake. High incomes or high expenditures on food are not, in themselves, guarantees against malnutrition. The Canadian Medical Association points out:

"More money cannot buy better nutrition; it will simply buy a greater variety of more expensive foods."

It is on this basis of emphasizing to all Canadians of all classes the need for better nutrition that the campaign is being formulated. Much of the programme's machinery is already set up, some food advertisers already have advertisements approved and ready to go in January publications.

The programme will first recognize the three principal causes of the malnutrition which is known to exist in Canada:

1. Economic: People who cannot afford even a minimum adequate diet must be helped to make the best use of available money.

2. Educational: Since malnutrition can still occur when plenty of money is being spent on food, there is need for information on wise purchasing and preparation of foods.

3. Indifference: Many people do not apply their knowledge of what to eat.

Nutrition Services

Mainspring of the machinery to tackle this three-ply job is the Nutrition Services section of the Dept. of Pensions and National Health. Directed by Dr. L. B. Pett, Nutrition Services was established in Nov., 1941, with four functions:

1. To see that workers in war industries have a good chance of being well fed by inspecting food facilities in these plants, and recommending improvements. This is carried out by arrangements with the Dept. of Munitions and Supply and under Order-in-Council.

2. To assist the public to improve nutrition in Canadian homes by advising on suitable production, purchase and preparation of foods. This general statement means essentially the organization of the Canadian Nutrition Programme.

3. To make available expert opinion and information on nutrition for the Wartime Information Board and other Departments.

4. To sponsor and advise on such research into nutrition problems as may be deemed advisable for proper information and protection of the Canadian people, as a supplement to all present efforts in this direction.

For the national nutrition programme, Nutrition Services will advise local and provincial groups on methods of spreading nutritional information, review educational material and advise on its suitability, and prepare nutritional material for use throughout Canada, since uniformity is very desirable.

Basic principle of the nutrition programme is that Canadians need to get more of their calories from protective foods. The over-use of starchy, fatty and sweet food completes a person's energy requirements and satiates the appetite before sufficient vitamins and minerals have been obtained. Aim of the programme therefore is to increase the percentage of the day's calories which are supplied by protective foods.

Official Food Rules

Foods which supply minerals, vitamins and good quality protein, or any one of these, in suitable amounts according to reasonable daily intakes are protective foods. These foods, and suitable minimum daily intakes, are contained in Canada's official food rules shown in the accompanying panel.

These are the foods which should come first, which should always be eaten. Other foods can then be added to this base according to individual preference.

Noteworthy is the fact that the Canadian farmer and fisherman produce all the foods necessary for good health.

Long-term View

Sharpest prongs of the nutrition drive will be aimed at the schools and war plants. Thus will be combined an immediate contribution to the war effort with laying a foundation in the schools for the long-term improvement of nutrition in Canada. This long-term view is the one taken by those who best know the size of the job they have taken on. They view this campaign as no "blitz" that will overnight change the buying and eating habits of a lifetime. It will take a long time, probably years, of constant effort and constant education before the real benefits of improved diet will become markedly evident in a healthier and stronger people.

Thus January, 1943, will hear what is really the opening gun of a long-term programme. The campaign will have the benefit of a year-old nutrition programme in the United States. Across the line, support for the campaign has come from many types of industry, not merely those associated with the sale of food. These companies have spent thousands of dollars in posters and pamphlets to get over the message of better diet to the worker.

Hope in Canada is to have a similar general support. Chance is that some Canadian company will come up with a slogan to top General Electric's "Pack a Lunch that Packs a Punch," or Servel's "Eat to Beat the Devil," the devil being Hitler.

The educational effort will make use of speakers, posters, advertisements in the press and radio. However, much of the real weight of the programme will depend upon the retailer, the man who meets the consumer face-to-face. It will be up to the chain store and corner grocer to push the idea of better nutrition, to tie in with and capitalize on all the publicity being given the protective foods.

Employers' Duty

Upon employers there falls a responsibility to bring home the message of better nutrition. This responsibility does not end with putting a few posters on the bulletin board. Nutrition Services has lined up some food recommendations for war plants:

1. All plants having war contracts should assist the worker to get nutritious meals of natural foods, with reasonable ease and economy.

2. All plants having war contracts and providing meals to employees should employ or consult a qualified nutritionist or dietitian.

3. Plant-managed food dispensaries should be run on a non-profit basis, or profits should be used to provide free milk in the plant.

4. Between-meal rest periods, together with an opportunity of obtaining food, are highly recommended. Milk, cocoa, fruit juice or tomato juice are to be preferred as beverages.

5. The consumption of foods of low nutritional value must be discouraged in favor of foods of high nutritional value.

6. Where the working day exceeds eight hours, more than one meal or lunch period should be provided at the plant.

7. An effort must be made to change the food habits of workers, and this must be done indirectly in the food arrangements, etc., as well as directly by educational methods. The co-operation of the plant medical services and the management, as well as of the cafeteria management is needed.

Pointing up the necessity of employers carrying through the nutrition programme to its practical conclusion on the plate of the worker is the result of a survey by the U. S. National Research Council. A lunch-tray survey among workers passing along the cafeteria line at 33 industrial plants throughout the country revealed the majority chose poorly balanced meals, even when a good choice was available. Only from 10 to 25% of the workers took milk (generally a half-pint) with their meals.

Backing the need for a national nutrition programme is the weight of medically expert opinion. Says the Canadan Medical Association:

"By eating the proper kind and amount of food, you and your family are protecting yourselves against the diseases which go along with war and which spread in the period immediately following. In addition, good health enables wage earners to stay on the job."

Says Sir John Boyd Orr in the British Medical Journal:

"The improvement of the diet of the workmen whose diet was not previously up to standard for health is followed by increased output without any conscious increased effort, and also by a reduction in the number of accidents."

Says Dr. Victor G. Heiser in "Toughen Up, America!":

"Reliable reports indicate that proper feeding not only reduces absenteeism in plants, but stimulates morale."

On this broad foundation is based Canada's forthcoming National Nutrition Programme —better eating for the maintenance of health.

This Menu is Worth $125 Millions

The foods listed below, if included in the daily diet, will overcome general malnutrition according to official statements. As such, they will go far toward overcoming a loss through absenteeism, estimated at $125 millions, plus uncounted wastage through unnecessary fatigue.

MILK—Adults, half pint daily. Children, more than one pint; some cheese, as available.

FRUITS—One serving of a citrus fruit or tomatoes daily, or of tomato or citrus fruit juices, and one serving of other fruits, fresh, canned or dried.

VEGETABLES—Two servings daily, preferably leafy green, or yellow, and frequently raw. (In addition to potatoes of which you need one serving daily.)

CEREALS AND BREAD—One serving of a whole-grain cereal and four to six slices of Canada Approved Bread, brown or white.

MEAT, FISH—One serving a day of meat, fish, or meat substitutes. Liver, heart or kidney once a week.

EGGS—At least one egg every two days.

An increasing number of industrial plants are finding it good management to supply their workers with a cafeteria. In this way there can be some assurance that employees are getting a lunch containing the necessities for the maintenance of health. When workers are better fed absenteeism is lower, production is higher. Dominion food officials say that all plants having war contracts should assist the workers to get nutritious meals of natural foods with reasonable ease and economy. Surveys show that if a worker buys a lunch in a plant cafeteria it is twice as likely to be a good lunch as if he brings his own.

Food Industry in Transition

Scarcity and Control Replaces Abundance and Free Trade

One of the best known authorities on food merchandising in the Dominion, B. T. Huston has been editor of MacLean Publishing Co.'s Canadian Grocer since 1908. Mr. Huston has been secretary of the Food Products Association since its formation in 1920.

By B. T. HUSTON
Editor, Canadian Grocer

In spite of the fact that we must get along without foods to which we have long been accustomed, it looks as if it will be a long time before Canada will have to hang out any starvation sign. Whether or not "food will win the war and write the peace," it's one of the important generals in this world conflict. Without it no military, political or civilian force can accomplish anything.

What's the food supply picture in Canada today?

HOG OUTPUT for the 12 months ended Aug. 31 represented 838 million lb. of pork products—an increase of 79 millions over the corresponding period of previous year. In 1938-39 it was only 396 millions, up 111% in the three years. Our contract to supply Britain with bacon and hams has steadily advanced, almost skyrocketed. First it was 170 million lb., then 300 millions, next 485 millions; for 1941-42, 556 millions, and in the coming 12 months it's 675 million lb. In spite of this great advance we had 282 million lb. left for consumption at home in the past year against 226 millions in 1938-39.

BEEF PRODUCTION has also climbed but not to the same extent. It went from 500 million lb. in 1938-39 down to 482 millions the following year, then up to 534 millions the next, and last 12 months to end of August, 610 millions. Of this latter quantity the Federal Department of Agriculture says 482 millions was for home consumption including the armed forces and civilians, against 400 millions three years before.

It's too early to gauge the lamb supply situation inasmuch as federal authorities have been urging farmers to hold their ewe lambs to help increase the wool supply, which is urgently necessary.

A RECORD WHEAT CROP is rushing through the combines in the West, bringing our surplus to such a huge amount that elevators are going to bulge as never before. More oats, barley, flax and other grains are, combined with wheat, ensuring this country of an abundance of flour, bread, cereals, with plenty to spare for export.

CHEESE PRODUCTION this year has been the big surprise to Ottawa officials. A year ago the Department of Agriculture announced that beginning Nov. 1 cheese could again be made for domestic consumption—the 1941 summer make was all earmarked for Britain—and it also fixed the maximum price at the factory in Quebec and Ontario at 25c. This was nearly 10c. a pound higher, the department fearing that if the price was not high enough we wouldn't produce the 125 million lb. Britain wanted this year.

There were ceilings on butter and evaporated milk beginning last December but none on cheese so that cheese factories found themselves in a position to pay a good premium to farmers for their milk. Both the Ontario and Quebec legislatures agreed to pay a 2c. per lb. subsidy regardless, and Ottawa up to 2c. for quality. Today we have plenty of cheese with holdings being estimated at 50 to 60% higher than a year ago. The Wartime Prices and Trade Board have since found it necessary to pay a 5c. per lb. subsidy on butter to help make the creameries look more attractive to milk producers, and to allow ceilings on evaporated milk to be broken through. The butter make has never been able to overtake cheese because of the subsidy head start with which the latter was favored. Here was an important instance where government officials guessed wrong and it has let us in for an exceedingly heavy subsidy payment.

Ottawa has had other plans whereby production in certain lines would be increased—flax for instance. This is partly to help out the vegetable oil shortage due to Japanese aggression.

FLOUR MILLING still finds itself favorably situated although its future is largely bound up with export trade. It has no ceiling problem inasmuch as when price of No. 1 Northern was advanced to 90c., lakehead elevator, thus raising the price 1⅜c. to the millers, millers secured a drawback of a like amount from the Canadian Wheat Board on all wheat milled for domestic consumption so that bakers could maintain base period prices. It's certain there's no dearth of wheat in Canada so that the milling industry has no difficulties (as have a good many others at the moment) in filling any contract that comes along.

THE BAKING INDUSTRY is taking more bread flour all the time since the demand from military camps is extremely heavy while at the same time civilians have more money to spend. Exports first half of year are reported ahead of same period last year and it's understood the British Cereal Import Board has placed further substantial orders to apply over a period of several months. This industry is expected to be lightly touched by the hand of Selective Service because of its essentiality.

BREAD COMPANIES this year have been exceptionally busy due to the heavy demand from both military camps across the country and the civilian population. Some firms have been working overtime. Migration of labor and switching of drivers are among the bakers' main problems today.

MEAT PACKING has been having a fairly good year in spite of its inability at times to get beef cattle. The government's hog programme which has year by year since the start of the war called for increased production has been of great benefit and has offset to a degree at least the holding back by farmers of their beef cattle. The Dominion Bureau of Statistics estimates that on June 1 last there were 7,132,700 head of hogs on farms, the largest ever reported and approximately one million higher than a year previously. It's more than double the number at June 1, 1938. The increase over the past year was particularly in evidence in the prairie provinces and the maritimes. The packing industry has profited by the government's ham and bacon contract with Britain as there is no ceiling problem; on the other hand it has had a troublesome time over the beef control plan.

THE CANNING INDUSTRY has been through a more or less tough season with enforced government restrictions on top of labor shortages and comparatively early frosts in some areas. Early in the year canners were told they couldn't have tin cans after the end of June for various products such as pork and beans, and that larger sized cans in most cases would have to be used. This meant reduced production on top of switching plant equipment to accommodate the bigger containers. The final result is that many canning operations have been more than cut in two. By announcing that subsidies would be paid only on canned tomatoes, tomato juice, peas, corn, string beans and four fruits—peaches, pears, plums, apricots — the Wartime Prices and Trade Board obviously put the stamp of essentiality on them, but not on a score or more of other products. Packers of jams were left out in the cold without subsidy protection and still had to keep their prices under the ceiling. They have been given the impression their jams are non-essentials, and a result is that our jam pack has been small and may not see us through. The Department of Munitions and Supply ordered tomato canners to lay aside 15% of their daily packs for military camps but as frost late in September cut short the output it may want 20 or 25%. Fortunately there has been a fair carryover of tomatoes from the big 1941 pack so that at the moment, barring heavy exports, supplies

(Continued on page 22, col. 2)

In many divisions Canada's 1942 food story has been one of production pushing to new high levels. Resources have been strained to meet the urgent demand. The food industry has had to battle shortages of material and manpower, delivery restrictions, many tangled price ceiling problems.

Packers Push to Fill Peak Demands

Price Ceilings Have Narrowed Profit Margins and Added Problems

Companies in every sphere of the Canadian packing trade this year have been faced with a demand for all they can produce. To meat and fish packers particularly, this meant record production; the fruit and vegetable canners were more hampered by various shortages and restrictions.

This heavy volume of business has not been fully reflected in the earnings statements of the packing companies. For the meat packers, for instance, it is probable that profit margins are at a record low. Business volume has counteracted this declining trend of profit margins to allow maintenance of total profits.

Price ceilings have presented a particularly difficult problem in this field, this condition being most felt by the meat trade. Without ceilings on farm produce the packers had to meet a fixed retail price ceiling which often meant operating at a loss. This has been one of the factors tending to narrow the general profit margin of the industry. In an attempt to relieve a beef shortage in Canada the Wartime Prices and Trade Board recently allowed a price increase.

The packers have been able to play a considerable part in the war through heavy shipments of bacon to Britain. During the past year Canada sent abroad some 600 million pounds of bacon to the United Kingdom. Under the recently negotiated contract we will send 675 million pounds at $21.75 per 100 pounds, a price increase of 10%.

In the canning industry, price ceiling problems have been complex and several changes in the situation have been necessary to allow the continuance of ordinary operations. To this has been added restrictions necessitated by the tin shortage. Labor shortages have also influenced canning operations this year, this latter fact tending to reduce the pack in some districts.

Fish packers have met a continuing high rate of business due both to heavy export demand and increased domestic consumption. The latter is attributable both to higher purchasing power and a periodic beef shortage. The entire 1942 pack of B. C. salmon is going to Britain, allowing Canadian consumers to purchase only the carryover on dealers' shelves of this product.

B. C. Packers

Last year's B. C. salmon pack ran to 2.2 million cases and up until recently this year's pack was expected to place well below that figure with most general estimates around 1.6 million cases. However, in the latter part of September there was a very heavy run of salmon and it now appears likely that the figure for last year's pack will be at least approached if not exceeded. Regardless of its size the entire B. C. salmon pack and canned herring pack will go to Britain.

While these products of B. C. Packers Ltd. are off Canadian tables, the company plans an advertising programme to keep its name before the public.

The fish packing industry on the west coast had somewhat unusual operations this year due to the absence of Japanese fishermen. This, however, had a relatively minor influence.

Burns

Signing of the new 675 million pound bacon contract with the United Kingdom should mean continuing capacity operations for Burns & Co. Much of the increased bacon requirements will come from the west where Burns is particularly well represented, headquarters of the company being at Calgary.

As with packing companies generally, Burns has had to combat narrowing profit margins. Volume of business, however, has been sufficiently heavy to offset this condition with 1941 profits being the best for several years.

Due to shortages of tin supplies the company's canning operations are being curtailed, this branch having developed into an important factor in the Burns affairs.

Burns sales in 1941 reached a new high level. It is expected that 1942 results will show at about the same level.

Chart by The Financial Post

In the past four years Canadian pork production has gone up 119% and beef production 20%. Increased hog product exports have gone mainly to Britain, higher beef exports have gone largely to the United States. Production has been sufficiently great not only to meet these expanding export demands but has also made available more pork and beef for increased domestic consumption. Farmers are being encouraged to continue raising more hogs and cattle.

Canada Packers

While 1941-42 earnings of Canada Packers Ltd. at $8.06 a share were double the $4 annual dividend rate, there is officially said to be no prospect of an increase in dividend or any bonus payment in sight at present. This is due primarily to company policy of building up sufficient working capital to meet any situation.

With demand for bacon for Britain and other meat products for home consumption continuing high, outlook is for a continuing high level of activity, depending on supply. Due almost entirely to war demand Canada Packer's 1941-42 volume rose 12½% to a new high, with sales at $144.5 millions up 31.8%. Net profit was 1.1% of sales compared with 1.4% in the previous year.

Canada Packers is the largest Canadian packing house with plants at Toronto, Montreal, Hull, Peterborough, Winnipeg, Edmonton, Vancouver and Chicago. It operates distributing centres throughout Canada and in Newfoundland and the United States. Creameries, poultry stations, canneries and fertilizer plants are also operated in various Canadian centres.

Canadian Canners

Both for the present and forseeable future there appears to be an urgent demand for everything the canning industry can produce. This season there has not been enough production to take care of what the trade would like to have.

Shortage of labor has had a comparatively mild effect here and those in the trade attribute any shortages in production rather to short supplies and the government prohibition of canning of certain fruits and vegetables to conserve tin.

For Canadian Canners, from the beginning of the season to the close, taking the year's operation and allowing for the foods prohibited, the volume should approximate that of last year.

Canadian Canners is the largest organization of its kind in the British Empire. It owns 56 canning factories in Ontario, three in Quebec, nine in British Columbia and one in Nova Scotia, and owns and operates farms in nine Ontario counties.

Connors Bros.

In peacetime Connors Bros. carried on a very extensive export trade from its world's largest sardine canning plants at Black's Harbor, N.B. Trade has been restricted to certain markets where the Connors products are much in demand. Switching of markets has allowed earning power of the company to be well sustained.

One serious problem has been restrictions in the use of tin. The rapid rise in the price of olive oil and its scarcity has not been without its effect on profits. This problem, however, has been skirted through the use of soya bean oil. Rising cost of herring and scarcity of labor also have contributed to operating difficulties.

Maritime National

Demand for fish is so great that sales of Maritime National Fish Co., Halifax, are limited only by the extent of the catch.

The lack of meat supplies has caused a sharp rise in domestic fish trade. In addition the company has been hard put at times to meet the needs of troop and naval ships along the Atlantic coast. The demand is far greater than the supply.

Last year operations were handicapped when the government requisitioned three trawlers on which the company had depended for regular supplies of fish. Throughout 1941 the company had only one boat. Earlier this year the situation underwent an improvement in that one of the trawlers was returned.

Financial results last year were about the same as in the preceding 12 months. With the increase in the price paid to the fishermen and higher costs of supplies, no marked change is looked for in net earnings.

Wilsil

Scale of operations of Wilsil Ltd., Montreal meat packers, is governed only by plant capacity and the supply of hogs and cattle available.

No figures are released by the company as to its total dollar volume of sales. However some idea of the expansion in business is to be gained from figures on operating profit.

Last year profits aggregated $413,795. This was the largest figure ever reported by the company and nearly $100,000 greater than in the year immediately preceding the war.

Net profit amounted to $1.42 a share, or seven cents a share less than the year before. The decline was due to the necessity of setting up a larger reserve for taxes and to a moderate increase in depreciation reserve.

Many Poor Lunches Being Carried

A recent survey by Nutrition Services, Dept. of Pensions and National Health, has disclosed some interesting facts on the types of lunches being eaten by workers.

In some plants, the lunches bought or carried were divided into three categories, good, fair and poor. Three categories of food are set up as follows: 1. A sandwich or plate lunch containing protein foods, such as meat, fish, eggs, cheese or beans. 2. A vegetable other than potatoes, or a fruit. 3. Milk, preferably as a beverage.

A "good" lunch has all three categories represented; a "fair" lunch has only two and a "poor" lunch has one or none. Since other meals may be inadequate, says Nutrition Services, nothing less than a "good" lunch should be eaten in the factory.

Survey Results

The following general statements are made by Nutrition Services from examinations of several hundred lunches in different plants and cities.

1. If a worker bought a lunch in a plant cafeteria it was twice as likely to be a good lunch as if he brought his own. This does not apply to lunches bought at a canteen or booth.

2. The number of "fair" lunches was about equal whether bought or carried. Since other meals may not be adequate a "fair" lunch is definitely not good enough for best health and production.

3. The number of "poor" lunches was over twice as large among carried lunches as among bought lunches. About one third of the carried lunches were definitely poor.

4. The majority of "poor" lunches, either carried or bought, were among women workers, though many men had poor lunches too.

ALTHOUGH it will be missed by grocer and consumer alike, this popular Canadian seafood is doing signal war service. While conserving precious cargo space, the highly concentrated food value of canned salmon is making an important contribution to the health and well-being of Britain's fighting forces, as well as its civilian population.

C.L.S.42-1

BRITISH COLUMBIA PACKERS LIMITED

Good Nutrition Means More Munitions

The good health of the worker is a vital factor in today's all-out production.

"Royal Acadia" and "Lantic" Sugar continue to be health and energy-giving products of unvarying high quality.

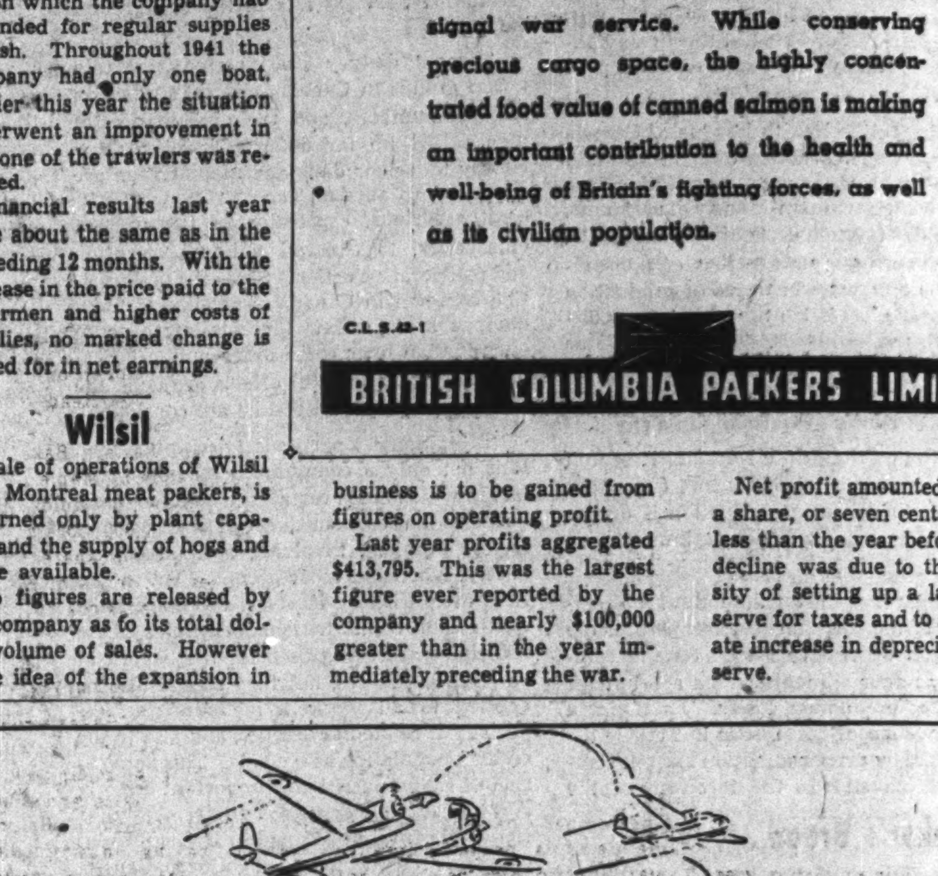
"The Nation's Health is the Nation's Wealth"

Out of good health comes increased production and the wealth and savings for Victory Bond purchases together with the morale to lend, not spend, for Victory.

ATLANTIC-ACADIA SUGAR SALES COMPANY LIMITED

ROYAL ACADIA SUGAR

Lantic Sugar



In war, as in peacetime ... *Cellophane plays its part*

THE same qualities which made "Cellophane" an integral part of packaging in peacetime are proving to have an important wartime use. Not only is "Cellophane" preserving many food products from spoilage and unnecessary waste; new uses of "Cellophane" are releasing other packaging materials urgently needed for war supplies.

A case in point is the use of "Cellophane" as a replacement for metal foil formerly used in wrapping certain kinds of cheese. This metal must be diverted to making materials of war; but its job is being done—and well done—by "Cellophane" treated with a special process. The protective qualities of this wrap keep the cheese in perfect condition; and metal is released for a more urgently needed use.

Similar applications of "Cellophane" are constantly being developed; this packaging material so closely identified with peacetime living, is assuming an increasingly large part in the economy of war.

Cellophane TRADE MARK

C-I-L CELLULOSE FILM

C-I-L

Volume Holds for Bread

Bakers Show Ingenuity in Meeting Wartime Conditions

Most Canadian baking firms have been able to maintain their sales volume this year despite continuing problems. From the limited number of reports available it also appears that operating profits this year should show fairly close to last year's levels. The fact that these companies have been able to make such a satisfactory showing is a considerable compliment to their ability to meet wartime conditions.

Bread has been under strict price control to guard against an increased price to the consumer. While retail prices have been rigidly fixed the raw material costs of the bread firms have increased due to the lack of price ceilings on farm and imported products. This "squeeze" has made operations particularly difficult for the trade. Labor shortages, delivery restrictions and rationing of sugar to 70% of 1941 consumption have all added to the burden of management.

These problems have been met to some extent by reducing the number of varieties offered, cutting down on services, simplification and making various internal economies. By order, bread companies are now prohibited from making more than 15 varieties of bread and four varieties of rolls in one day. Before this order, making 50 to 60 varieties of bread a day was commonplace. Through elimination of slicing an appreciable saving has been made, while removing some of the frills from making bread has also helped. Consolidation and rerouting of delivery routes has saved on manpower, tires and gasoline. Reduction in the number of varieties sold has saved sugar but allowed quality to be maintained.

Barker's Bread

Despite some difficulties common to the baking trade, it is understood that Barker's Bread Ltd. has been able to maintain 1942 operations on a reasonably satisfactory scale. Sales of bread, cakes and sweet goods are understood to be about even with a year ago with biscuits somewhat higher. Profits are also believed to be holding up.

Companies of this type are being hit by an increasingly acute labor situation and a serious price ceiling problem. Lack of price ceilings on farm and imported products have caused the raw material costs of the bakeries to increase whereas their selling price has been rigidly fixed. This has created a definite squeeze on profits and added considerably to the difficulties of operation.

Barker's carries on a wholesale and retail trade in bread, biscuits, cakes and pies in Toronto.

Canada Bread

Variety of Canada Bread Co. products has been reduced by about 60%, with the varieties retained carefully selected. This reduction has been partly to meet government order and partly through the company's own initiative in meeting higher costs. The programme has also had a substantial influence in reducing sugar consumption.

During the past year the company reduced the number of its employees to 1,876 from 2,044. By consolidation and elimination the number of routes has been cut by 86.

Canada Bread operates throughout Ontario and into Quebec and Manitoba. It serves approximately 138,000 customers daily, indicating some 675,000 consumers.

Canadian Bakeries

Canadian Bakeries Ltd., Calgary, is understood to have experienced increased sales and profits so far this year. The company has been able to maintain its position despite wartime troubles common to the baking trade by reducing the number of varieties of products marketed.

The company is controlled by Maple Leaf Milling Co. and manufactures and distributes, wholesale and retail, all kinds of bakery products in the chief cities of British Columbia, Alberta and Saskatchewan. Balance sheet for the year ended Aug. 31, 1942, when available will reflect redemption of the 6½% first mortgage bonds Jan. 15, 1942, from cash resources.

Christie Brown

Christie Brown & Co. operates a large wholesale marketing system for biscuits, bread and cakes. One Toronto and Winnipeg bakery are devoted to biscuit manufacture while another Toronto unit turns out bread, cakes and biscuits for distribution in Ontario and the Montreal area.

While the company does a large business in the Canadian baking field, investment interest is confined to shares of National Biscuit Co., the controlling organization. This stock is traded on the New York stock exchange.

Eastern Bakeries

Eastern Bakeries Ltd. operates a chain of bakeries in the Maritimes, units being located at Saint John, Moncton, Fredericton and Campbellton, N.B., and Sydney, N.S. Head office is in Saint John.

Control of Eastern Bakeries is in the hands of Maple Leaf Milling Co. which holds approximately 1,000 preferred and 25,001 common shares, and guarantees dividends of 3¼% on the preferred stock to Jan. 15, 1944.

Consol. Bakeries

Consolidated Bakeries of Canada Ltd., a holding company owning a group of 12 bakeries in Ontario and Quebec, reflects conditions common with the baking industry. Sales last year were higher but taxes brought final net profit down to 65 cents a share from 70 cents the previous year.

Reflecting the narrower profit position of these companies was Consolidated Bakeries' action in reducing its quarterly dividend rate in 1941 from 25 cents to 15 cents, a policy that is being continued.

The company's bakeries are operated through a wholly-owned subsidiary, Wonder Bakeries Ltd. Management shares are owned by Ogilvie Flour Mills, giving that company the right to elect the board of directors.

David & Frere

Sales volume and profits of David & Frère Ltée, Montreal, biscuit and confectionery manufacturer, are understood to be moderately lower so far this year when compared with last year.

Principal reason for this condition is believed to be shortage of labor. Also contributing to restricted operations has been sugar rationing and a shortage of chocolate coatings. Demand is said to exist for all the company can produce.

Last year the company experienced an increase of 32% in the volume of sales. Since the start of the war earnings and finances have materially improved. Working capital has increased by around $100,000 to $285,939 at the end of last March.

Inter City Baking

A combined capacity of 100,000 loaves of bread and 2,500 pounds of cake is accounted for by the four bakeries of Inter City Baking Co., in Toronto, Ottawa and Montreal.

Controlled by Lake of the Woods Milling Co., the company registered an improvement in operations during the year ended Jan. 31, 1942, with net profit advancing to $5.43 a share from $4.02 the previous year. Inter City Baking has been steadily reducing its funded debt outstanding, total at Jan. 31 last being $1,041,500. Since that time another $97,000 was redeemed July 1, 1942, at 101¾, leaving $994,500 outstanding.

Moirs

Moirs Ltd., of Halifax, manufacturers of chocolates, confectionery, and bakery products, has experienced a sharp rise in sales since the outbreak of the war. For months past, sales have been limited only by the availability of supplies and manufacturing equipment.

The heavy influx of wartime personnel into the Halifax area and the demand for chocolates and confectionery in markets outside of the Halifax area, has given the company all the business it can handle. Demand has been so great that it has been necessary to set up a zoning system in order to ensure adequate coverage of all markets.

The company has taken steps to offset the limitation of sugar supplies by rearranging manufacturing operations; reducing stock items from over 700 to slightly over 200 by elimination of odd weights and types of packaging, etc. Certain types of chocolates have been eliminated altogether because of very high sugar content.

McCormick's Ltd.

McCormick's Ltd. is a wholly owned subsidiary of George Weston Ltd., acquired in 1937 but continuing to operate as a separate concern. Investment interest is confined to the 4½% prior lien and 4% first mortgage bonds, guaranteed by the controlling company.

Two plants are owned in London, and one in Montreal, Winnipeg and Edmonton. It manufactures plain and fancy biscuits, ice cream cones, confectionery and allied products.

Viau

Increasing purchasing power of the consumer is reflected in the scale of operations and revenues of Viau Ltd., Montreal, biscuit and confectionery manufacturer.

Last year gross income reached nearly $600,000, or nearly 20% more than the previous year. Higher operating expenses, etc., absorbed most of the gain, but net profits of $98,100 compared with $58,100 in 1941.

Operations are affected by government regulations concerning the use of sugar and other imported products essential to this trade. Adjustments have had to be made to meet the changed conditions but business continues at a high level.

Geo. Weston

Improvement in earnings registered by George Weston Ltd. in 1941 is continuing this year with net profit in the six months ended June 30, 1942, totalling 59 cents a common share against 50 cents for the same period of 1941. Officials state that necessity for curtailment of consumption has led the company to put forth every effort to conserve materials essential to the war effort. Delivery has been curtailed to conserve truck equipment.

Directly and through subsidiaries Weston's manufactures and distributes fine biscuits, bread, cakes and confectionery in Canada and the U. S. Plants are operated at Toronto, Passaic, N.J., Salamanca, N.Y. and Battle Creek, Mich.

Food Controls Multiply

Heavy Demand and Few Imports Bring Complications

By B. T. HUSTON
Editor, Canadian Grocer

Heavy taxes, compulsory savings, war loans, are definitely putting the screws on the buying of luxury products—where the government hasn't already done so — but so far more money is going for food. This is partly due to higher prices for fruits and vegetables, and more than 100 items that have either been exempt from ceilings or on which ceilings have been punctured. Up to end of August the increase was 17.5% over same period a year ago and about 50% ahead of 1939. But there are evidences looming to indicate the retail business is going down, as in August the increase was only 9.9%. There are various reasons for this:

(1) More and more men and women are joining the armed forces and are fed through military camps rather than in households.

(2) More of certain foods are going overseas leaving less for domestic consumption (bacon, canned salmon, canned herrings for example).

(3) Government restrictions, rationing, ceilings, and shipping difficulties are gradually cutting off more and more items from food stores. (Sugar, tea and coffee rationing is halving the former business in these important volume lines and fewer dried fruits, rice, olives, dates, figs, nuts, spices, etc., are being imported.)

One-way Traffic

Exports are usually balanced or partly balanced by imports. But in spite of the huge amounts of bacon, wheat, hams, cheese, eggs that are flowing constantly to Britain or Russia there's little in the food line coming back. Both these countries are naturally conserving their food supply.

In the face of this high demand and heavy one-way export traffic, a large measure of government control was to be expected. Yet few fields have found as great difficulty in fitting in with a control pattern as the food industries. Because the food industries are so widely diversified, both as to product and producer, price and supply control have been at once complicated and expensive.

Price control is costing the country not the few millions that were mentioned in the House of Commons prior to adjournment, but likely up in the hundreds of millions. And what's also surprising to officials is that it's costing more to maintain ceilings on domestic foods than on imported. To support milk alone the estimate is around $50 millions a year. We're paying subsidies on close to 50 different food products, prices of which had to be put back to those of last June; on the five most important canned vegetables and the big four in fruits; on wheat, rice, etc., etc. These totals can no doubt be readily procured by Ottawa as they are directly paid out to someone, but there are indirect "subsidies" which will also have to be accounted for in the final reckoning of the entire cost:

(1) What the Commodity Prices Stabilization Corporation loses in buying import items such as coffee, Australian and Californian dried fruits.

(2) What the government loses by cutting tariffs and giving up such special taxes as the 10 cents per lb. on tea to help maintain ceilings.

(3) What the government loses in excess profits taxes since the amount of subsidy to which a firm is entitled (on soap for instance) is deductible.

Public Helped?

The public has undoubtedly benefited from the government's new merchandising policy of ceilings, but in the long run it might not, should control slow up production. Many prices would have been considerably higher than they are —unless some other effective anti-inflation policy had been adopted.

Nevertheless it seems to be the feeling among a lot of housewives that something is being put over them. In its Oct. 15 issue Canadian Grocer presents a list of more than 100 grocery products that are above or permitted to go above their ceilings by the Wartime Prices and Trade Board and while there are half a hundred fruit and vegetable items they are counted as one. The average housewife one talks to thinks she has been paying all along higher prices for various cuts of beef and other meats than are lawfully justified.

Claim Injustices

She can recount, right or wrong, scores of alleged injustices in price and doesn't seem to be altogether satisfied. Many, too, criticize the cost-of-living index figures that claim reductions from previous months. In this connection it should be remembered that out of the thousand items carried in a medium-sized grocery store, only 46 constitute the food end of the cost-of-living index; so that scores of others could easily advance and not show up as a rise in that index.

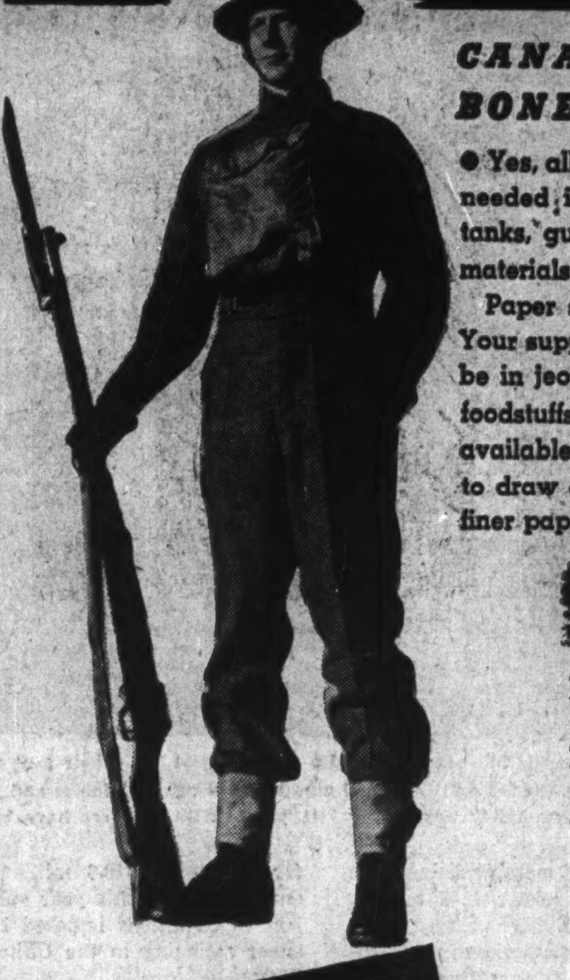
With the Wartime Prices and Trade Board issuing order after order in the hope of settling beef ceilings amicably, neither the industry nor the retail trade knew where it was at. At first beef was under the ceiling. Then an order was issued which said that the packer had to sell each individual retailer at no higher price than he sold him in the base period—a direct invitation to every packer who was short on beef to favor those customers who had paid the highest ceiling prices.

Making of beef a seasonal line, one that could go up at certain seasons and down at others, combined with the shortage, was an invitation to the "black market" in which responsible packers couldn't participate. In early fall when prices were being pushed down by order of the Board many head of cattle were short-circuited to the retailer, were killed uninspected, sold and consumed, all to the detriment of the packer.

The much higher prices offered in United States attracted, too, a lot of beef as each quota began. Early in the year the contract with the Department of Munitions and Supply called for a higher price than could be paid by the Canadian retailer.

Let's Get Behind Him

SUPPORT THE
National Salvage Campaign!



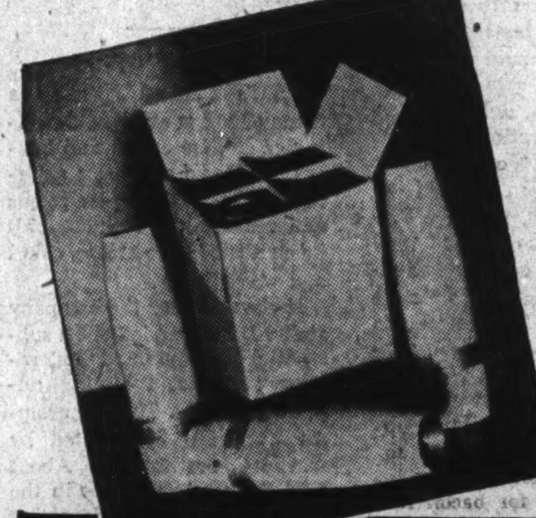
CANADA CALLS FOR SCRAP METAL, BONES, OLD CLOTHING AND PAPER

● Yes, all these materials are necessary to beat Hitler. They are urgently needed in the manufacture and transport of aeroplanes, explosives, tanks, guns and shells. It is your responsibility to see that these vital materials are saved and collected.

Paper salvage is particularly important to you as a business man. Your supply of paper necessary for forms, labels and office routine may be in jeopardy. Today, fibre boxes for transporting war materials and foodstuffs to the fighting forces are "musts." If salvaged paper is not available for making paperboard, it will be necessary for board mills to draw on new pulp which would otherwise be used for making the finer papers. WHAT CAN YOU DO ABOUT IT?

HERE ARE A FEW SUGGESTIONS:

1. Make sure every ounce of scrap paper in your office, plant or buildings is saved.
2. Clear out out-of-date files and advertising materials.
3. Put up posters urging employees to conserve and salvage paper. You may even want to offer a small prize for the best conservation suggestion.
4. Urge employees to cooperate with the salvage campaign in their homes and promote it among their friends.
5. Take the initiative in collection. Inform the necessary collection agency when you have paper for salvage.



H & D ORDERS FOR THE DAY...
BOXES FOR BULLETS

● Right now, the package engineering facilities and experience of Hinde and Dauch are making valuable contributions in reducing damage to vital war materials "on the way over." But Hinde and Dauch are looking ahead, too, to happier days. From the many lessons taught by the vast production of boxes for defense materials, skilled technicians in the H & D Package Laboratory are planning improved corrugated packages for post-war merchandising.

CONTRIBUTED IN THE PUBLIC INTEREST BY
HINDE & DAUCH Authority on Packaging
TORONTO TRENTON MONTREAL

THE QUALITY COFFEE

BLUE RIBBON LIMITED
WINNIPEG CALGARY EDMONTON VANCOUVER

PURE GOLD MANUFACTURING CO. Ltd.
TORONTO

Foods, too, are Munitions!

JUST AS shells feed the guns, dairy products and other provisions feed the men.

Skilled munitions-makers, working with micrometers to a thousandth of an inch, are not a bit more careful of their output than the Silverwood organization.

We, too, conceive ourselves to be in the front line of production for defense and the Silverwood slogan of the day is

"War-winning Quality"

Silverwood

Milk Cream Ice Cream Buttermilk Evaporated Milk Cheese Creamery Butter
Powdered Milk Condensed Whole and Skim Milk Buttermilk Powder Ice Cream Sundries
Dressed Poultry Soda Fountain Supplies Fresh Eggs Frozen Eggs

Silverwood Dairies Limited: Head Office, LONDON, CANADA

Volume Offsets Low Profits

Shortages of Labor and Merchandise Likely to Hit Harder in 1943

Food merchandisers have not had an altogether happy time but lack of sales volume has not been responsible. To the end of August this year dollar sales of grocery and meat stores in Canada are 17.5% above the corresponding period of 1941. August sales this year were over 50% above Aug., 1939, and almost 10% above August a year ago.

One of the major difficulties has been the narrow margins on which they customarily operate—grocers claiming to be fortunate to have a net profit of 1% on sales. With price control in Canada effective at the retail level, the squeeze has been applied seriously against the wholesaler and retailer of food products.

Much has been done to reduce operating costs such as by systematizing deliveries and limiting them to one a day in each district, saving on wrappers and repairing equipment instead of buying new.

Serious Shortages Not Felt

Generally, the relative prosperity in grocery trades has been due to the fact that shortages haven't yet been too drastic although a more serious threat is seen for the future. Grocers have been selling plenty of the products that have not been short.

This has not been true for butcher stores where the shortages of meats in recent months have been serious.

Some products such as bananas, canned salmon, canned beans are off the market so far as buying is concerned and stocks remaining are very low. Many other products are in short supply, a fact which is beginning to hit the wholesale trade already and may soon be reflected with the retailers.

Canada this year produced a record wheat crop, the 615-million-bushel production being approximately double the 1941 yield. With their sons and hired help off to the armed forces and jobs in war plants Canada's farmers have been faced with a titanic

The food merchandising trade generally views 1943 outlook with misgivings because of diminishing supplies of merchandise and more difficult labor problems. It feels that food distribution should be given some degree of essential rating by the National Selective Services Administration.

Candy and confectionery lines have been limited by sugar rationing, where a 30% reduction in the amount used has been made effective. Supplies of cocoa and chocolate are not adequate. Tea, coffee and various spices are becoming increasingly difficult to obtain although rationing in the two former cases has made distribution problems simpler.

To date these difficulties have been offset by the rising sales volume and increased emphasis on the more expensive lines on which margins are better. How long this will continue is difficult to estimate but most trade representatives appear to be forecasting increasing difficuity next year.

Canada Tea

Canada Tea Co. deals in teas, coffees, spices and similar items. Its head office is in Toronto and subsidiaries operate at Hamilton, Brantford, Peterborough and London. The company had arrears of dividends on its preferred stock amounting to 72½% at May 31, 1941, and paid 4% dividends last year. It reports a strong working capital position and a substantial surplus.

Dominion Stores

Dominion Stores, Ltd., this year resumed the payment of dividends after a lapse from Jan. 2, 1935. The policy of the company is to place its stock on a regular ten-cent quarterly dividend basis and two payments at this rate have been paid or declared.

This company has fairly well completed drastic reorganization of its setup during the past few years. During this time it has reduced the number of stores operated from a peak of 572 in 1931 to 281 at the end of 1941. There has been some decline in sales but this has been relatively modest, from $25 millions at the peak to $21 millions last year. Last year gross sales were up 16.07%, but as the company operated 43 grocery and 17 meat units less in 1941 than in 1940, average sales per store increased 31.32% during the year. Wartime restrictions have compelled temporary postponement of the balance of the company's programme of modernizing its different units.

Fanny Farmer

Fanny Farmer Candy Shops, Inc., operates a chain of one-price retail candy shops in the United States. At the end of 1941 the company was operating seven manufacturing studios serving a total of 312 stores of uniform design.

The company is controlled in Canada and is operated along the lines established by Laura Secord Candy Shops in this country although there is no direct corporate connection with the exception of that given by certain officers and directors who serve both companies.

The company has a record of increased sales each year since 1932 with a new high shown for 1941 with $10.8 millions. Operations are this year subject to conditions imposed by sugar rationing in the United States.

Hunt's Ltd.

Hunt's Limited operates a chain of stores engaged in selling candy, ice cream and bakery goods and also has a catering service and some tea rooms and restaurants. It makes all its own candy, ice cream, cakes and other items.

Early this year the company stated it had carried out a substantial programme of modernizing stores and closing unprofitable ones. This programme has been interrupted by wartime restrictions. About $125,000 has been spent in the past three years modernizing and improving stores.

Jenkins' Groceteria

Jenkins' Groceteria, Ltd., operates a chain of 39 grocery stores in Alberta together with a baking plant, coffee warehouse and fruit business. Net earnings in 1941 showed some improvement to $86,102 but heavier depreciation resulted in only a small increase in net profit. The company pays regular dividends of $7 a share on its preferred but is not making any payments on the common. Working capital is substantial and showed improvement last year to $372,173.

Kelly, Douglas

Kelly, Douglas & Co., Vancouver, operates a large wholesale distributing organization with extended facilities for jobbing and wholesaling in western Canada. In addition it has manufacturing interests, its best known brand name being Nabob. Nabob tea and coffee have been advertised across Canada for the past five years. Nabob brand baking powder, flavorings, jelly powders, spices, puddings, etc., also have a good market in the West. In addition there are other secondary brands and private labels manufactured and backed by Kelly, Douglas & Co.

Laura Secord

Manufacture and retail distribution of chocolate products and confections is carried out in Ontario and Quebec by Laura Secord Candy Shops, Ltd., through its own stores. At Sept. 30, 1941, the company had 88 shops in the two provinces.

Gross sales in the year ended Sept. 30, 1941, reached a new record at $2.5 millions compared with just under $2 millions in the preceding period. Early reports indicated that in the year just closed sales were holding at about the same level as in 1941 in spite of the reduction in sugar consumption. Net profits have been quite stable for a number of years.

Loblaw Groc., Inc.

Loblaw Groceterias, Inc., operates a chain of self-serve grocery stores in the United States, over half of which are equipped with meat markets. Organized under the direction of the Canadian company of the same name, operations are now entirely divorced from that of the Canadian Loblaw company.

Early in September, the company stated that it was now operating 128 stores and that sales had shown a gain of 34% to Aug. 15 this year. No forecast of net earnings was made due to uncertainty regarding tax rate in the United States. The company has opened a number of new stores this year.

Loblaw Groc. Co.

Loblaw Groceterias Co. operates a chain of 114 groceterias in Ontario of which 50 are in Toronto and 96 are of the market type, handling meat, fruit and vegetables as well as groceries.

Total sales in the year ended May 31, 1942, established a new record at $43 millions, an increase of 21.77% over the preceding year. Percentage of net earnings and total sales was

(Continued on page 24)

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Buy War Savings Certificates and War Savings Stamps

ANNOUNCEMENT

Kelly Douglas & Company Ltd., of Vancouver, manufacturers of Nabob products, has purchased the business of Macdonalds Consolidated Limited in eight British Columbia cities.

Effective August 24th, Macdonalds Consolidated, Vancouver, B.C., discontinued that portion of the business which formerly serviced independent retail merchants and industrial accounts from their warehouses located at Quesnel, Kamloops, Nelson, Trail, Cranbrook, Prince Rupert, and 1090 Mainland St., Vancouver.

Macdonalds Consolidated Limited will continue to operate their warehouses in B. C. located at Victoria, Fernie, and Dawson Creek; also the office and purchasing warehouse, 840 Cambie St., Vancouver, which will operate for the servicing of their own chain outlets only.

This deal does not affect the operations of Macdonalds Consolidated on the prairies and in Ontario. Business there will continue as usual.

KELLY DOUGLAS AND COMPANY LTD.
VANCOUVER, CANADA

Manufacturers of

NABOB FOOD PRODUCTS

HELPING ONTARIO'S FOOD INDUSTRY TO MEET THE CHALLENGE OF WAR CONDITIONS

12,000 Independent Retailers look to National Grocers for foodstuffs vital to health and morale.

More and more the proper choice of foods becomes part of Canada's war effort. For good food is essential in these days . . . food to keep war workers fit . . . to build up energy . . . and maintain morale under the strain and anxiety of wartime conditions.

Through the efficient and far-reaching service of National Grocers, more than 12,000 independent retailers are equipped to meet this challenge and to provide their customers with the finest food products available and at the lowest prices consistent with high quality.

This province-wide service is made possible by the strategic location of 33 warehouses throughout Ontario — by a constant inventory of over 4000 different commodities . . . and by a complete, organized system of quick delivery to anywhere in the province.

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COMPANY LIMITED
An Entirely Canadian Institution.
Head Office: 21 Front Street East, Toronto

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Archie Foster, President and Chairman of the Board; M. D. Lemon, Vice-President; H. L. McNally, General Manager; T. H. Kinnear, Secretary-treasurer; D. Blain; A. B. Gordon; W. H. Kenny; A. J. Major; W. G. McLauchlan; T. J. Medland; Marland Woolnough.

Thank You Madam!..

FOR UNDERSTANDING THAT THE "FORCES" DESERVE PRIORITY

SOMETIMES your grocer may not be able to supply you with Weston's English Quality Biscuits. The men and women of our fighting forces in Canada and overseas need biscuits too, and we know you'll agree that their needs come first.

VICTORY BONDS DESERVE PRIORITY ON YOUR DOLLARS

Thousands of young Canadians in our armed forces are offering their lives that Canada and freedom may live. We at home are only being asked to lend our money, and this *we must do to the very limit of our ability. For Canada's sake Work - Save - Lend for Victory. Buy Victory Bonds.*

Weston's
ENGLISH QUALITY BISCUITS

Dairy Companies Handle 20% Greater Volume

Industry Introduces Major Economies to Meet New Responsibilities and Wartime Problems

Dairy companies have generally experienced a good rise in sales volume this year. Gains range to over 20% and a fair amount of this has been carried through to net profits.

Price ceiling problems of the dairy industry appear to be relatively small. All companies have adopted simplified practices, reduced the sizes of containers and products and worked out measures of collaborating with competitors over deliveries and other matters.

The industry's chief fear for next year appears to be a labor shortage. To a considerable extent the dairy business is seasonal with perhaps 15 to 20% greater staff needed in the summer than in the winter. Next year it is believed extra help will be a serious problem.

Moderate difficulty has been experienced due to necessity of cutting down 30% in the amount of sugar used. This cuts the sugar content of ice cream by about 18 or 20%. Honey could be used as a substitute until recently but this is now out although corn sugar and syrup as substitutes are available. Cost of the latter is higher than that of the sugar.

Considerable difficulty has been experienced over the past year due to limitations on supply of ice cream, a factor which has meant a kind of informal rationing by producers. Limitation here is placed through reductions in the amount of butter fat that can be allocated as well as sugar.

The dairy industry throughout Canada is very closely regulated both as to the quality and standard of its products and as to prices. Profit margins are not expected to show much change.

From Canadian poultry farms is pouring a tremendous supply of eggs to help bolster the British diet. Formerly, eggs were candled as shown, then packed and sent across the ocean in large crates. Method now being used is that of dehydration, which retains all the essential food values of the egg but requires much less space for shipment.

Acme Farmers Dairy

Acme Farmers Dairy, Ltd., is controlled by Eastern Dairies Ltd. The company sells complete lines of dairy products in Toronto, has a powder and condensing plant at Napanee and a powder, condensing and cheese plant at Sydenham, both in Ontario. Public interest in this company is confined to its 7% preferred. No dividends have been paid on this stock since 1933 and arrears totalled $66.50 a share at July 1 this year.

Borden Co.

In Canada, Borden Co. operates through a wholly-owned subsidiary, the Borden Co., Ltd. Through this subsidiary it engages in all branches of the dairy industry making and selling evaporated and condensed milk, cheese, dried fruit juices and other specialties, ice cream and purchasing and distributing milk and eggs.

The company paid a total of $14.7 millions to farmers in Canada for dairy products last year. It has 1,339 Canadian shareholders. A number of subsidiaries operate in Ontario and Quebec. Last year the company reported a gain of 19.5% in net sales to $259.1 millions on a consolidated basis.

Crescent Creamery

Crescent Creamery Co. is a subsidiary of Eastern Dairies, Ltd. It operates the oldest and largest dairy business in Manitoba. There is a limited public interest in this company's 7% preferred stock on which no dividends have been paid since 1934. Arrears totalled $63.75 a share as at July 1 this year. Earning power is small with net profits amounting to $13,939 in the year ended March 31 last.

Carnation Co.

Carnation Company's main interest is in the manufacture and sale of "Carnation Irradiated Evaporated Milk" in the United States and many foreign countries. It is also interested in a wide variety of other milk products, cereals, and commercial feeds. Its chief plants are in the United States but it also has a Canadian subsidiary operating at Toronto and Aylmer, Ont., and Sherbrooke, Que.

In August this year the company completed plans for an extensive re-financing whereby $2 millions of 4% first preferred and $4 millions of 3% 15-year debentures were to be sold. The proceeds would be used to liquidate bank loans, for working capital and general corporate purposes. As part of the deal, dividend on the former 5% preferred was reduced to 4%.

Dairy Corporation

Dairy Corp. of Canada owns dairy companies in Winnipeg, Saskatoon and Regina.

The company reports an increase of about 23% in its total sales in the first five months of the year which ends March 31 next as compared with the same part of the preceding year. Net profits before income and excess profits taxes are also substantially higher.

The company has improved its financial position considerably over the past few years and in August this year sold a $140,000 issue of 5% first mortgage bonds of its subsidiary, Purity Dairy Ltd., from the proceeds of which it is understood that bank loans were paid off.

Eastern Dairies

Eastern Dairies Ltd., operating in Montreal, Toronto, Ottawa, Winnipeg and elsewhere, may shortly bring out a plan of reorganization.

Hints to this effect were given last July at the annual meeting of Acme-Farmers Dairy, in which Eastern Dairies holds a large interest. At present Eastern Dairies is in technical default in respect to the sinking fund payments on its bonds. Interest payments have been made regularly.

In the year ended last March operating profits were moderately less than the year before. However, bond interest was earned before and after depreciation allowance.

While earnings have not been wholly satisfactory, steady progress has been made in strengthening the financial position. Since 1939 working capital has increased from $79,-913 to $493,382. Bank loans have been wiped out and funded debt reduced by nearly $200,000.

Just what form the proposed reorganization is likely to take has not been disclosed. Moreover plans may be deferred depending upon conditions. However it is reasonable to assume that in any form of reorganization, little or no equity is likely to remain for the common stockholders.

Edmonton City Dairy

Edmonton City Dairy Ltd., is controlled by Dairy Corp. of Canada through ownership of all of the 30,000 outstanding common shares. Public interest in Edmonton City Dairy is confined to the 5% first mortgage and 5¼% general mortgage bonds. Although the company has not issued earnings statements in recent years, earned surplus has been going up moderately although working capital is down.

Highland Dairy

Highland Dairy Ltd., operates in Toronto and vicinity with the plant having an approximate daily capacity of 30,000 quarts. The company has paid irregular dividends on its preferred stock with the last payment July 3, 1941. Arrears at the first of this year were $4 a share.

Quinte Milk

Quinte Milk Products, Ltd., manufactures and sells sweet cream, butter, ice cream, casein, milk sugar and albumen. Its plant is at Wellington, Ont. A subsidiary operates in Toronto. Earnings have shown improvements recently and in 1941 the company was able to pay a total of 25c a share dividends compared with 20c in 1940.

Silverwood Dairies

Silverwood Dairies, Ltd., reports increases in sales and profits this year as compared with 1941. The company has not yet issued its annual report for the year ended March 31, 1942.

Silverwood is engaged in the dairy business in Ontario, operating 24 plants. Its earning position has improved in the past two or three years to the stage where it was able to initiate dividends on its common stock in 1941. Re-financing in 1941 resulted in the sale of $1.5 millions of 4½% bonds with part of the proceeds used to redeem a former 5% issue.

Toronto Dairies

Toronto Dairies Ltd. operates a co-operative dairy in Toronto. No financial statements are published. No dividends have been paid on the preferred since 1932 and none have ever been paid on the common.

United Dairies

A chain of 20 creameries in Alberta and British Columbia are operated by United Dairies Ltd. Sales from Jan. 1 to Aug. 1 this year are reported 14.52% above sales for the same period of 1941 with profits showing a substantial increase. The company expects sales to remain about this level next year unless increased population is experienced in the cities in which it operates. The company has a 5¼% first mortgage bond issue outstanding but according to latest available information is not paying dividends on its preferred or common shares.

Special Millers' Deal Helps Maintain Ceiling

To maintain the ceiling price on flour and bread the Wartime Prices and Trade Board recently arranged to provide millers with western wheat at a price appropriate to flour ceiling prices.

Millers will continue to buy their wheat requirements in the open market at the higher prices now prevailing, and will be eligible for drawback representing the difference between the average price estimated to have been paid and the appropriate price on wheat ground for domestic use. The drawback will not be paid on export flour.

Price of wheat appropriate to the flour price ceiling has been determined tentatively by W. P. T. B. as 77¾ cents per bushel for No. 1 Northern at Fort William. The drawback is being paid for flour delivered on and after Aug. 1, 1942.

Cost of the drawback is being absorbed by the Treasury and it is being administered for the Treasury by the Canadian Wheat Board as an arrangement separate from their other undertakings.

Without such special arrangements for their relief it is said that it would have been impossible for millers to maintain their prices under the ceiling and pay the additional 20 cents a bushel for wheat.

Flour Output Holds Steady in August

Canadian flour mills produced 1,820,199 bbl. of wheat flour in August this year, first month of the current milling year, as compared with 1,852,-139 bbl. for the same month in 1941. The mills operated at 79.4% of capacity against 82.3% a year ago.

In August this year, Canadian mills ground 8.1 million bushels of wheat compared with 8.2 millions bushels a year ago.

Sugar Meets Worries

Rationing Brings Lower Consumption, Higher Costs

Now in its tenth month of operating under a scheme of rationing, Canada's sugar industry this year has had to meet some particularly difficult situations. Shortage of shipping space brought rationing despite the fact that sugar stocks were reportedly at a peak level. In the wake of rationing came substantially reduced output for the raw sugar refiners, and while sales declined, the lower volume meant higher operating costs. In the beet sugar field the shortage of labor had an adverse effect on operations. These are the conditions that have brought lower earnings to Canadian sugar companies, their continuance clouds the immediate outlook.

In January the shipping situation was such that the government decided to conserve Canada's sugar pile and put the public on a ration of three quarters of a pound per person per week, industrial consumers on a basis of 80% of 1941 consumption. On July 1, coupon rationing started, individuals were cut to half a pound per week, industrial consumers to 70% of 1941 consumption. Repercussions were particularly felt in the soft drink, candy and bread and biscuit manufacturing fields.

Companies in these lines have had to reduce the number of their brands, cut their output, reduce the sugar content of their products or use other sweetening agents.

Status of Canada's sugar supplies is a matter of wartime secrecy, the operation of our sugar refineries are under close government supervision. Until the shipping situation has markedly improved there appears to be little reason to expect any easing of current sugar restrictions.

Acadia Sugar

Little public information is available on Acadia Sugar Co. finances or scale of operations, since returns of the company were consolidated with those of Atlantic Sugar Refineries.

The two companies came under joint control in 1939 and earlier this year it was announced that all the shares of Atlantic Sugar had been acquired by Acadia.

Operations at the company's Woodside plant, near Halifax, ended in mid-summer and the business transferred to the Atlantic Sugar plant at Saint John, N.B. The closing down, which is considered a temporary measure, resulted from difficulties in transportation and to the scarcity of the fuel oil supply.

Acadia Sugar represented one of the major industries in Nova Scotia. Its closing affected the employment of a large number of people. Operations have been conducted steadily at Woodside for more than three score years. How long the plant will remain closed is not known, but it is not likely to reopen in the near future.

Atlantic Sugar

Atlantic Sugar Refineries Ltd. plant at Saint John, N.B., is now taking care of its own market along with meeting the demands for the products of its associated firm, Acadia Sugar Refining, which was forced to close down its plant at Woodside, N.S. The Atlantic refinery has a capacity of 1.3 million lb. a day.

Atlantic markets its own products under the trade mark "Lantic Sugar." The trade brands of Acadia are being continued although location of manufacture has been shifted to the Atlantic refinery.

Investment interest in Atlantic Sugar is confined to the $1.5 million 4% first mortgage bonds due Nov. 1, 1951. Acadia Sugar owns the entire issue of 160,000 shares of common stock.

Manitoba Sugar

Appreciable improvement was registered by the Manitoba sugar beet crop this year despite a decline in acreage. A total of 15,000 acres was sown to sugar beets in 1942 against 16,800 in 1941, but yield increased to 8.67 bushels per acre from 5.51 per acre. This brought total 1942 production to approximately 130,000 bushels as compared with 1941's 92,500 bushels.

Manitoba Sugar Co. was incorporated in 1939 for the production of sugar from beets. Pulp of the beets is dried and sold as cattle fodder. At Fort Garry, Man., the company has a refinery capable of producing 36 million pounds of granulated white sugar annually. This plant was erected with the co-operation of the Manitoba government, guarantors of the company's $600,000 5% first mortgage bonds.

Canada & Dominion

Indicating some of the difficulties of operating Canadian sugar refineries was the action of Canada & Dominion Sugar Co. in cutting its Sept. 1 dividend to 20 cents from the previous 37½ cent quarterly rate. Current earnings prospects for the company are officially stated to be disappointing. This is said to be due to increased costs of raw materials and operating expenses, increased taxes, decreased distribution of sugar through rationing and controlled selling prices.

Shortage of farm labor reduced the company's contracts for growing sugar beets this season to 23,000 acres or about one half of its objective. The crop was sufficient only for less than a full year's operations for one plant, leaving the other large beet sugar refinery standing idle.

Canada & Dominion is one of the largest units in the sugar refining industry of Canada, and operates sugar refineries at Montreal, Wallaceburg and Chatham.

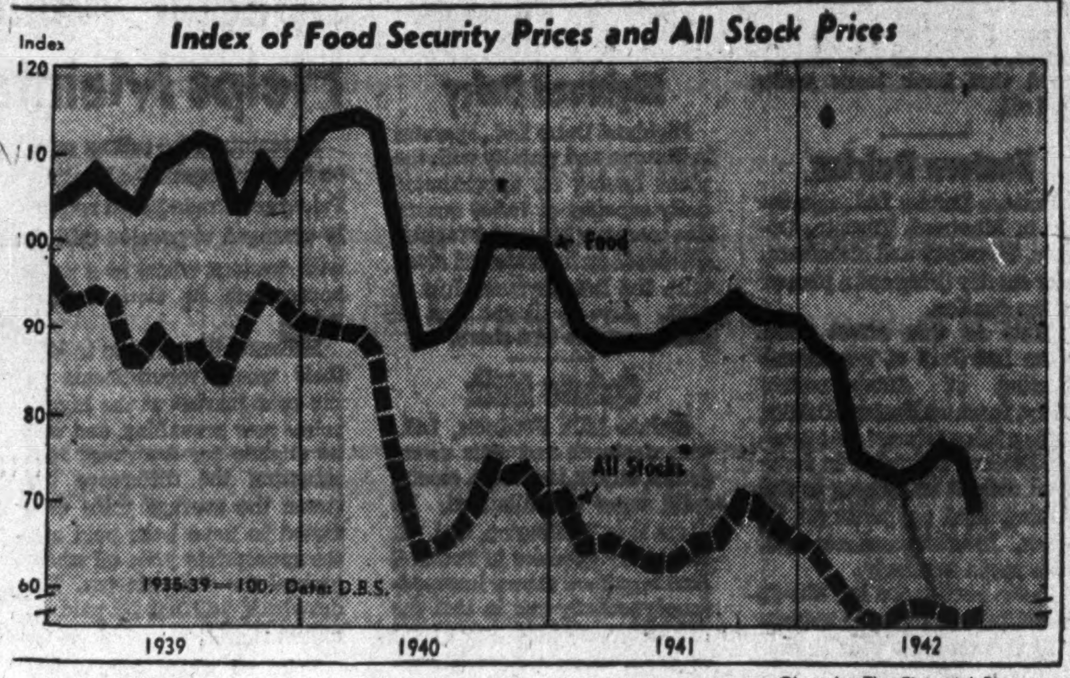

Chart by The Financial Post

During the past year prices of food stocks have lost appreciably more ground than have general stock prices although performance since start of the war has been moderately better. In the past year the drive on food companies has been particularly heavy as they have had to contend with rationing of volume commodities, shortages of many popular lines. Price ceiling difficulties have also tended to complicate the outlook for the food investor. Despite these trials most food companies have been able to maintain their underlying strength.

Food Industry in Transition

(Continued from page 17)

of this most important vegetable may nearly be adequate. But both peas and corn, the two other volume products, will be short. Unless the experiments under way to produce a new container without the use of tin, that will stand heavy pressure in the canning plant, bear fruit, the 1943 packs of canned foods are sure to be further reduced.

MERCHANDISERS OPENED a brand new chapter with the overall ceiling plan that began on Dec. 1 of last year. Contrary to early expectations of at least some directors of the Wartime Prices and Trade Board it has been no easy matter to placate the food trades. Some of the reasons are:

(1) The narrow margin on which the retail and wholesale food dealer operates.

(2) The various types of food stores, each giving different kinds of service and entitled to different overheads.

(3) The rapidly changing conditions underlying food production, which is governed so largely by climatic conditions and therefore the frequent changing of prices.

(4) The dependence to a large extent on import items over which we have little or no control as to price.

(5) The development of "black markets" when shortages arise.

(6) The method of many large retailers of contracting ahead for goods so that base period prices to the consumer became too low when these retailers began to renew their contracts.

(7) The advance in overhead due to higher wages and without any offsetting compensation.

A new ceiling problem developing and a serious one is the coming decline in sales for many retailers due to rationing, transport and import restrictions, to curtailment of certain canned foods and others for which raw materials are hard to get. If the W.P.T.B. is anxious to keep these merchants in business it would seem self-evident that either ceilings have to be raised or heavier subsidies paid. Fact that ceilings do not apply to fresh fruits and vegetables (potatoes, onions, bananas excepted) has been a godsend to many, but this retail field is now becoming somewhat crowded.

The Board now knows that the squeeze can't be applied to grocery margins as is the case with some of the other trades where they run two and three times as much. That realization may be the salvation of a lot of food retailers in more ceiling punctures.

DAIRIES in this country and buyers' warehouses held so much butter a year ago there was talk of using a lot of it as "axle grease." Today there's a mild shortage and even talk of rationing—a strange turn in events for such an agricultural and dairy country as Canada. And it's all because the Federal Department of Agriculture, in conjunction with the Wartime Prices and Trade Board, guessed wrong by paying too much homage to the cheesemaker by authorizing almost a 10c per lb. increase in the price of cheese in November, 1941, and by allowing the creamery to do what it liked with the then existing creamery, switching their milk surplus. Farmers by-passed the over to the cheese factory for the increased price and the big butter surplus soon dissolved. In an endeavor to correct the situation some weeks ago the Wartime Prices and Trade Board ordered a 6c. per lb. subsidy on butter fat, equal to 5c. on a lb. of butte.. Still production is trailing last year and no doubt will continue to do so for some time. It's too early yet to indicate whether or not cheese and butter production will run neck and neck next year under the new arrangement.

Butter and Cheese Equal One Billion Lbs. of Milk

Creamery butter production in September in Canada decreased 2.4% from the September make of 1941 and was down 13% from the output of the preceding month. During September, 31.6 million pounds of butter were produced. In the nine months ended September output reached a total of 227.4 million pounds. Decrease in September make occurred only in Quebec, Ontario, Manitoba and British Columbia.

Cheese production increased approximately 28% in September in comparison with a year ago, and decreased 8% as compared with the previous month. The September make was approximately 25.9 million pounds and the total for the first nine months amounted to 167.3 million pounds, up 39.6% from the same period of last year. The increase in the September make occurred in all provinces except New Brunswick.

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BRINGING ALL THEIR SKILL and KNOWLEDGE TO THE JOB OF FEEDING THOSE WHO WORK FOR VICTORY

All-out production demands a healthy people. War workers must be able to stay on their jobs.

All honour, then, to those mothers and wives who are exerting every effort to keep the workers fit and vigorous. They are Canada's Housoldiers.

Especially favoured by Canada's Housoldiers are the famous products of The Canada Starch Company—Benson's Corn Starch and Canada Corn Starch, for delightful desserts—Crown Brand Syrup, the delicious and nourishing table sweet—Mazola, the ideal salad oil—and many others.

These high quality products, pure, nourishing and low in cost, play an outstanding part in every programe of better health and improved fitness.

The CANADA STARCH COMPANY, Limited
Montreal · Toronto
Canada's oldest and largest manufacturers of products from corn

Cleanliness IS GOOD BUSINESS...

obtain it economically with

SAVE-LITE
INTERIOR WALL ENAMEL

THE SIGHTMETER

Our expert paint engineers are equipped with the "Sightmeter," and will gladly test the efficiency of the lighting in any part of your plant; without obligation, of course.

The hard, tile-like surface of a Save-Lite finish affords no foothold for dust or grime; it can be washed again and again without harm. And, unlike ordinary mill-white, Save-Lite doesn't yellow with the years; it remains brilliantly white, saving its cost many times over in lower lighting bills and improved production.

For Save-Lite has an amazingly high reflection value; its intense whiteness reflects over 89% of the light that falls on it, without glaring highlights. When you remember that efficient interior illumination is nearly four-fifths reflected light, you will realize the economy of a Save-Lite finish on walls, ceilings and other flat surfaces.

Why not consult our Advisory Service on all questions of industrial finishes? In doing so, you need feel under no obligation whatsoever.

COVER THE EARTH

SHERWIN-WILLIAMS PAINTS

THE SHERWIN-WILLIAMS CO. of Canada, Limited

HALIFAX MONTREAL TORONTO WINNIPEG VANCOUVER

War Effects Range Wide

Food Trade Confronted by Assorted Problems

On many fronts the war has moved to add to the difficulties of those engaged in the food business. Those companies which have customarily relied on imported products for the bulk of their business have been particularly hard hit. Shipping shortages and other factors have had drastic repercussions on such quantity lines as tea, coffee and sugar. Many types of nuts, oils and spices have entirely vanished from dealers' shelves.

Labor shortages have been felt in practically every branch of the trade with those companies that serve the public directly, such as the restaurants, finding this problem one of the most difficult they have to surmount. Allied with worker shortage as a leading problem is that of price ceilings. Lack of price control on imported products and raw materials from the farms, has meant for many companies a tight price squeeze. In the restaurant trade comment on this condition is particularly noticeable and those interested are attempting to arrange some relief. Some restaurants have attempted to meet the situation by eliminating from the menu certain items where the cost was too high to sell at base period prices. These items have been replaced with new dishes.

Scarcities of equipment for either replacement or repairs is also reported by several firms in the food business to be adding further worries to their operation.

Canada's fighting forces are among the best fed in the world. To keep a close watch on the diets of those fighting men and to release more of them for active duty the services of an increasing number of women are being used.

Blue Ribbon

With operations dependent to an important degree on imported product the supply situation with Blue Ribbon Corp. is currently rather uncertain. Some of the important raw materials that the company uses are tea, coffee, sugar, peanuts and spices. Most of these commodities are imported, some are already rationed, all are in restricted supply. Officials state that this condition means that there will be a marked effect on sales of the company's three subsidiaries and makes a forecast of the future impossible.

During the year ended June 30, 1942, Blue Ribbon improved its net profit moderately while bank loans were reduced to $533,044 from $928,919.

Blue Ribbon is a holding company which, through its subsidiaries is engaged in the manufacture and distribution of baking powder, spices, jelly powders, peanut butter, extracts, cereals and chocolates, and is also an importer and packer of tea, coffee and cocoa.

Canada Starch

Volume of sales of Canada Starch Co. continues at a high level, stimulated in part of late through sugar rationing. Products of the company aside from corn starch, include corn syrup, salad and cooking oils, glucose and dextrine. Raw sugar is used in some of these products and the government's recent action in exercising strict control over the use of this product for industrial purposes, is expected to have a direct bearing on future operations.

This company is one of the principal operators in its field, having been established 36 years ago. Over a period of years the company has built up a strong financial position.

Canada Vinegars

A constraining factor in operations of Canada Vinegars Ltd. has been the heavy excise tax placed by the Dominion Government on imports of spirits used in the manufacture of vinegar. The company has continued to make representations for relief from this burden without success to date. While this factor played a large part in a severe earnings drop to 44 cents a share in 1940, Canada Vinegars managed to recover somewhat during 1941 with a net of 62 cents being recorded. The improvement was due to a generally good crop of vegetables and increased demand.

Canada Vinegars manufactures vinegar and apple products directly and through subsidiaries in 11 plants across Canada.

Catelli

Catelli Food Products position has been adversely affected by the loss of export business. Operating profits shrank to $137,148 in the year ended November 29 last, against $308,128 the year before.

While the curtailment of export business to the United Kingdom has been a heavy blow to the company, it has had other problems to contend with. One of its principal selling lines is canned beans which come under the ban set out in the new regulations respecting the use of tin cans.

Though the company was hard hit last year, the demand for prepared foodstuffs continues strong. It is more than likely that the company will be able successfully to make the necessary readjustments and thus restore earnings to a more normal level.

Honey Dew

Sales of Honey Dew Ltd., so far this year are understood to have shown a moderate increase over 1941, while profits before taxes have displayed a similar trend.

As with the restaurant business generally the greatest Honey Dew problem of the moment is labor supply, and this condition will have much to say in the trend of sales volume and profits. The short labor supply situation has meant the temporary closing of some shops while the help that does become available is usually inexperienced and adds to the cost of operation.

A price ceiling problem for this company and others is that it buys in an uncontrolled market and sells in a controlled market. On many food products price ceilings have been removed but restaurant retail prices have had to be held at basic period levels.

Honey Dew operates restaurants, food shops and industrial cafeterias in Ontario, principally in the Toronto area. Honey Dew Western Ltd., a subsidiary, operates in Winnipeg and Vancouver.

Dover Industries

Dover Industries Ltd. was formed in March, 1940, to consolidate three companies, Robinson Consolidated Cone, Hamilton; T. H. Taylor & Co., Chatham, and S. J. Cherry & Sons, Preston. Robinson Cone manufactured ice cream cones, sandwich wafers, soda straws, etc. The other two were flour milling concerns.

In the period Jan. 1, 1940, to Sept. 30, 1941, Dover Industries reported a net profit of $162,438, or $1.27 per share.

Muirheads

Sales of Muirheads Cafeterias Ltd., Toronto, so far in 1942 are reported somewhat ahead of a year ago while profits have been holding steady.

The restaurant business is being affected by a variety of problems: labor is in short supply, maintenance and repair parts affected by priorities are almost impossible to obtain. One of the most serious problems arises from the price ceilings.

Retail prices have been definitely pegged. However, primary products such as fruit, vegetables, eggs and fish have been removed from the price ceiling. Meats are only partially controlled. Retailers have been allowed their normal markup with certain limitations, while restaurants, classified as a service industry, must sell these products, which form a large part of their purchases, at last October's prices. Rise of prices of the primary products in their non-controlled market is said to have created a considerable squeeze for restaurant operators.

National Biscuit

National Biscuit & Confection Co. manufactures plain and fancy biscuits and confectionery at its Vancouver, B. C., plant for distribution in British Columbia and Alberta.

Willard's

Willard's Chocolates Ltd. is controlled by Blue Ribbon Corp. which holds all the common shares and practically all the 6½% preferred. Willards manufactures and merchandises a complete line of confectionery at its Toronto factory. One of the best known of the company's products is the "Sweet Marie" nut roll. The Willards accounts are consolidated with those of the parent Blue Ribbon company and separate statements are no longer published.

AUTOTRAC
LOW COST FARM POWER

Better, Faster, Cheaper

DOES THE WORK OF FOUR HORSES

The production of food is one of the most essential items of the war effort program.

Scarcity of farm labor is seriously handicapping food production. It is on the smaller farms, raising diversified crops — bacon, beef, eggs, milk, that the shortage will most be felt.

One man with a tractor, or a substitute for a tractor, can do the work of two or three men who use horses.

The purchase of a tractor involves an investment of approximately $1,000 and any substitute costing a lesser sum would leave funds available for other meritorious purposes. An Autotrac attachment and power unit will cost about one quarter of this amount.

Autotrac requires as its power factor a second hand automobile which can be bought for $100 or probably less.

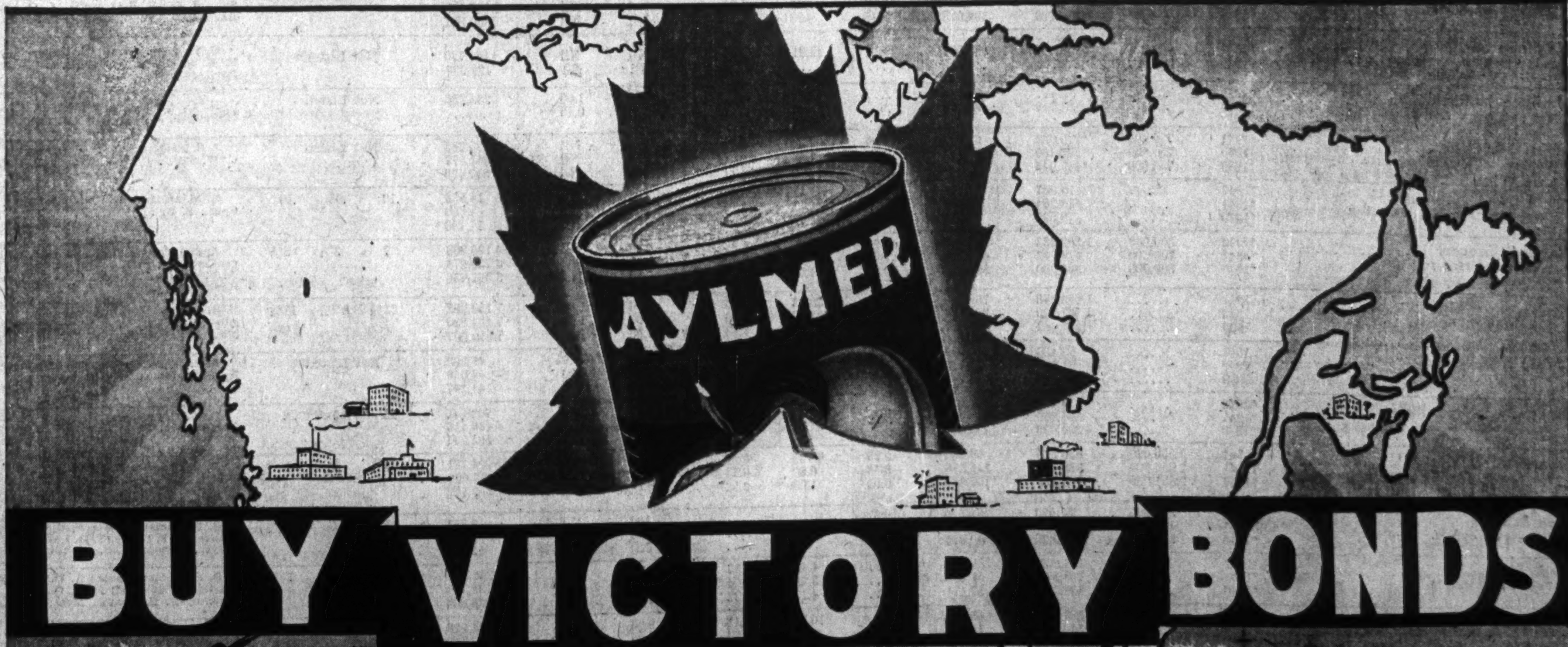
Although the Autotrac duplicates the work of a tractor, the metal used in its manufacture is less than twenty per cent of the quantity needed for such a tractor.

The Autotrac has been produced in Canada for over three years and is serving nearly two thousand farmers who have put in from one to three crops with the machine.

The economy of the Autotrac from the standpoint of fuel consumed compares very favorably with the performance of the average tractor.

Otaco Limited
MANUFACTURERS — FOUNDERS — ENGINEERS
Orillia, Ontario

AYLMER BRAND — A PRODUCT OF
CANADIAN CANNERS LIMITED
THE LARGEST PRODUCERS OF CANNED FOODS IN THE BRITISH EMPIRE
WITH OVER EIGHTY FACTORIES IN CANADA FROM THE ATLANTIC TO THE PACIFIC



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PROTECTIVE PAPERS
WAXED AND PROCESSED FOR BETTER PACKAGING
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AUTO PARTS

Appleford's specialize in wrappings that keep moisture, flavours and odours where they belong — in or out. Food, footwear, hardware — no matter what the product, there's a specific Appleford paper for its protection. Our suggestions for protective packaging are available on request.

Appleford PAPER PRODUCTS LIMITED
HAMILTON - TORONTO - MONTREAL

Statistical Record of Canadian Food Companies

Company	Year	Funded Debt $	Gross Income $	Net Profit $	Times Bond Int. Earned (after deprec.)	Net Profit per Share Pref. $	Net Profit per Share Com. $	Dividends Paid Pref. $	Dividends Paid Com. $	Working Capital $	Price Range Common 1941-42 High	Low	Last	Directors
Acadia Sugar	1941	3,457,000	Not Available								Not Listed			P. R. Gardiner, pres.; Hon. S. A. Hayden, vice-pres. & sec.-treas.; B. L. Laycock, L. W. Allen; Toronto; T. J. Dillon, New York. Mgr.—D. R. Turnbull.
	1940	3,534,000												
	1939	3,614,000								1,991,431				
Acme Farmers' Dairy	1941	*700,000	293,022	40,789	....	5.83	....	Nil	Nil	284,767	Not Listed			W. R. Aird, pres., Montreal; Hon. G. S. Henry, vice-pres., Todmorden, Ont.; J. G. Cornell, Scarborough, Ont.; D. H. McDougall, F. L. Hubbard, Toronto; R. G. Smith, Montreal
*Held as collateral for parent company's funded debt.	1940	*700,000	265,069	87	....	0.01	....	Nil	Nil	148,787				
	1939	*700,000	169,561	228	....	0.03	....	Nil	Nil	37,774				
Barker's Bread	1941	......	39,420	d 8,145	....	d0.91	d0.92	Nil	Nil	19,306	1.25	.35	.75	J. B. White, pres.; P. C. Band, gen. mgr.; G. M. Sutherland, Hon. J. Earl Lawson, Gilbert Nuns, B. Phipps, Toronto; W. Burry, Linden, N.J.
d—Deficit. †Excess curr. liab. over curr. assets.	1940	......	44,055	491	....	d0.01	d0.68	2.50	Nil	†8,556				
	1939	......	117,393	61,369	....	6.34	1.03	2.50	Nil	23,050				
Blue Ribbon	*1942	......	536,991	147,603	....	4.94	0.78	2.50	Nil	1,144,367	6	6½	3	C. E. Spooner, chm., Toronto; J. Ball, pres.; W. Hood, Winnipeg; A. C. Matthews, vice-pres.; Lt.-Col. J. F. Michie, F. T. Moore, Toronto.
*Years ended June 30.	*1941	......	331,548	116,533	....	3.90	0.45	2.50	Nil	1,013,229				
	*1940	......	317,962	137,654	....	4.61	0.68	2.50	Nil	917,160				
British Columbia Packers	*1942	850,000	1,412,067	423,510	24.91	....	3.11	...	1.50	2,011,340	16	9¾	15	H. R. MacMillan, pres.; Stanley Burke, vice-pres.; J. M. Buchanan, vice-pres. & gen. mgr.; F. E. Burke, George Kidd, J. P. D. Malkin, W. J. VanDusen, A. C. Taylor, Gordon Farrell, A. H. Spohn, Vancouver; A. H. Williamson, Ottawa; J. H. Gundy, J. S. McLean, Toronto; J. H. Copeman, Montreal.
*Years ended Apr. 31.	*1941	900,000	740,454	206,852	9.13	....	1.52	...	...	1,918,424				
	*1940	950,000	1,111,184	390,632	17.29	....	2.87	...	...	1,749,734				
Burns & Co.						"A"	"B"							John Burns, pres.; R. J. Dinning, exec. vice-pres.; A. C. Newton, vice-pres.; R. S. Munn, J. I. McFarland, Wm. Toole, M. M. Porter, Calgary; Col. A. M. Brown, Vancouver; W. S. Hodgens, Toronto; A. E. Pequegnat, Waterloo; H. R. Milner, Edmonton.
d—Deficit. †Net income.	1941	6,445,300	†1,268,816	97,421	1.48	2.88	0.58	Nil	Nil	2,510,659	5	3½	5	
	1940	6,668,300	† 688,393	d 76,371	0.77	d2.27	....	Nil	Nil	2,876,659				
	1939	6,668,300	† 592,932	d139,541	0.64	d4.15	....	Nil	Nil	2,809,196				
Canada Bread	*1942	......	564,537	183,465	....	14.68	0.17	6.00	Nil	† 64,460	3½	1¼	2½	C. H. Carlisle, pres.; R. S. Waldie, vice-pres.; A. V. Loftus, gen. mgr.; C. B. Shields, A. G. Walwyn, A. W. Holmested, G. C. Leitch; Toronto.
*Years ended June 30. †Excess of curr. liab.	*1941	......	499,084	145,028	....	11.60	0.10	5.00	Nil	329,759				
	*1940	......	543,749	216,114	....	17.29	0.28	5.00	Nil	262,019				
Canada & Dominion Sugar	1941	......	3,019,817	1,686,681	....	....	1.12	...	1.50	15,750,947	27	13	13	W. J. McGregor, pres. and treas., Chatham; H. R. Drummond, vice-pres., Montreal; H. F. Smith, exec. vice-pres., Detroit; A. E. Dyment, W. C. Laidlaw, Toronto; A. H. Thomson, G. B. Foster, C. J. Coyle, Montreal; G. H. Moulthrop, Bay City, Mich.
	1940	......	3,647,627	2,092,188	....	....	1.39	...	1.50	16,176,913				
	1939	......	4,628,077	2,951,377	....	....	1.97	...	1.37½	16,319,313				
Canada Packers	*1942	1,500,000	5,294,894	1,611,465	85.45	....	8.06	...	4.00	7,432,493	92	74	79	J. S. McLean, pres.; W. T. Harris, vice-pres.; S. G. Brock, vice-pres. and sec.-treas.; N. J. McLean, vice-pres. and gen. mgr.; Chas. Wedge, asst.-sec.; G. A. Schell, F. A. Wiggins, A. L. Laing, R. N. McKechnie, C. C. Polkinghorne, W. R. Carroll, H. M. Murray, Toronto; J. P. Laberge, Montreal.
*Years ended Mar. 26. over curr. assets.	*1941	2,250,000	4,184,948	1,555,028	46.94	....	7.77	...	4.50	7,451,195				
	*1940	3,000,000	3,855,972	1,667,810	30.95	....	8.34	...	4.00	7,130,332				
Canada Starch	1941	......	808,774	325,061	....	10.59	1.86	7.00	0.50	1,674,415	9	8	8½	G. F. Benson, chm.; Maj. G. F. Benson, Jr., pres.; J. H. Hunter, cons. eng.; B. S. R. Watson, W. B. Blackader, E. B. Hosmer, Montreal; W. E. Dircks, W. L. Moran, New York.
	1940	......	707,047	349,833	....	11.40	2.28	7.00	0.50	1,607,234				
	1939	......	693,881	346,564	....	11.29	2.22	7.00	0.50	1,632,938				
Canada Vinegars	1941	......	221,936	57,048	....	....	0.62	...	0.50	252,256	8½	4½	5	C. L. Carsley, pres.; A. L. Spalding, vice-pres. and gen. mgr.; P. L. Howell, sec.-treas.; L. L. Carsley, W. E. Young, J. Hobson, W. R. Binch, Toronto; E. A. Isard, Burlington; E. L. Isard, Winnipeg; E. W. Howell, C. Fry, Norwich, Ont.
	1940	......	177,552	40,091	....	....	0.44	...	0.60	263,935				
	1939	......	241,937	95,383	....	....	1.04	...	1.20	234,954				
Canadian Bakeries	1941	......	187,350	34,160	....	3.74	d0.12	4.50	Nil	326,447	2	½	2	R. W. Ward, pres. and gen. mgr., Calgary; D. C. MacLachlan, vice-pres., Toronto; D. A. Ross, sec.-treas. and asst. gen. mgr.; John Burns; Calgary; F. J. Coombs, Toronto; E. E. Buckerfield, Vancouver; H. M. E. Evans, Edmonton.
d—Deficit.	1940	......	164,598	20,824	....	2.28	d0.25	3.00	Nil	295,883				
	1939	......	212,917	56,064	....	6.14	0.05	...	Nil	339,864				
Canadian Canners	*1942	2,420,000	3,142,517	1,123,310	24.50	5.88	3.84	†1.20	0.50	6,551,152	7¾	4½	5¼	Avern Pardoe, chm., Toronto; W. R. Drynan, pres. and gen. mgr., Hamilton; W. L. Innes, 1st vice-pres., Simcoe, Ont.; E. A. Pearce, 2nd vice-pres., Picton, Ont.; D. R. McCahill, asst. gen. mgr.; Aleck Leitch, Hamilton; Lt.-Col. W. G. MacKendrick, Oakville, Ont.; J. A. Northway, W. G. Lumbers; Toronto; G. C. Edwards, Ottawa.
*Years ended Feb. 28. †Includes participating dividends of 20 cents.	*1941	2,780,000	2,306,254	1,011,065	16.53	5.30	3.04	†1.20	0.50	6,078,241				
	*1940	2,960,000	2,620,261	1,529,706	18.52	8.01	6.80	1.00	...	5,928,280				
Carnation Co.	1941	......	5,951,598	2,564,450	....	87.35	3.97	5.00	2.00	13,818,466	*44	35	39	*E. A. Stuart, chm., Los Angeles; *E. H. Stuart, pres. and treas.; *P. G. Kinzer, *J. F. Douglas, A. M. Ghormley, vice-pres's.; Milwaukee, Wis.; W. C. Cross, vice-pres.; J. S. Wilkinson; Oconomowoc, Wis.; R. H. Fullerton, New York; Walter Kasten, Milwaukee. *Executive committee.
*New York.	1940	......	4,253,535	2,319,027	....	78.99	3.56	5.00	2.00	10,095,257				
	1939	......	3,997,040	2,508,095	....	85.35	3.83	5.00	2.00	10,351,407				
Catelli Food Products	1941	......	137,148	34,236	....	0.89	0.12	0.75	0.25	*27,092	9¼	4	7	Aimé Geoffrion, pres.; A. Bienvenu, vice-pres.; Paul Bienvenu, man. dir.; R. R. Dobell, W. W. Hutchinson Hon. Alphonse Raymond, Henri Geoffrion, Montreal; J. A. Dery, Quebec; L. F. Burrows, Ottawa.
*Excess of curr. liab. over curr. assets.	1940	......	308,128	118,615	....	3.09	1.96	0.75	0.50	*69,271				
	1939	......	285,306	179,105	....	4.67	3.27	0.75	.50+.25	377,152				
Consolidated Bakeries	1941	......	447,549	207,530	....	....	0.65	...	0.60	1,512,848	14	8	9¼	Thos. Bignell, pres. and gen. mgr.; Robert McMullen, J. F. Lash, *F. K. Morrow, F. G. Osler, Toronto; R. R. Dobell, *G. A. Morris, *J. W. McConnell, Beaudry Leman, Hon. Charles A. Dunning, Montreal. *Management shareholders.
	1940	......	436,869	223,469	....	....	0.70	...	1.00	1,439,126				
	1939	......	583,417	398,742	....	....	1.25	...	1+.25	1,477,326				
Crescent Creamery	*1942	......	61,788	13,939	....	1.39	....	Nil	Nil	121,383	‡15	8	15	W. R. Aird, pres., Montreal; J. E. Woods, vice-pres.; C. W. Johnson, gen. mgr.; R. D. Guy, A. E. Johnston, S. N. Jones, Herbert Sellers, C. C. Wardrope, Winnipeg.
*Years ended Mar. 31. d—Deficit. ‡Preferred.	*1941	......	56,991	9,664	....	0.97	....	Nil	Nil	55,983				
	*1940	......	29,098	d 140	....	d0.01	....	Nil	Nil	34,533				
David & Frère						"A"	"B"	"A"	"B"					de Gaspé Beaubien, pres.; F. A. Béique, vice-pres.; L. R. Philie, gen. mgr. and sec.-treas.; G. O. Soucie, Emilien Gadbois; Montreal.
*Years ended Mar. 31.	*1942	......	124,603	65,081	....	2.54	0.29	1.15	Nil	289,939	11½	8	9½	
	*1941	......	90,910	47,599	....	2.07	d0.18	1.00	Nil	262,226				
	*1940	......	148,110	103,094	....	3.65	0.83	1.60	Nil	256,907				
Dairy Corporation	*1942	......	215,154	52,083	....	7.91	0.45	Nil	Nil	166,617	Not Listed			J. A. Caulder, pres. and man. dir., Winnipeg; R. A. Daly, vice-pres. and treas.; H. G. Stapells, sec.; J. J. Gibson, A. E. Naylor; W. P. Fess, Toronto; A. E. Silverwood, London, Ont.
*Years ended Mar. 31. †Excess of curr. liabs. over curr. assets.	*1941	......	198,389	38,183	....	5.80	0.28	Nil	Nil	†42,343				
	*1940	......	190,434	20,109	....	3.05	0.05	Nil	Nil	†193,387				
Dominion Stores	1941	......	*427,094	170,067	....	....	0.61	...	Nil	2,048,010	6	3¼	6	E. G. Wills, chm.; J. W. Horsey, pres.; L. D. Squair, vice-pres.; Toronto; R. O. Johnson, vice-pres.; Francois Faure, Mme. P. F. Casgrain, Montreal; N. L. Nathanson, S. G. Bennett, R. R. Corson, Toronto; J. B. Jamieson, Concord, N.H.
*Net earnings. d—Deficit.	1940	......	*273,220	100,819	....	....	0.36	...	Nil	2,156,525				
	1939	......	* 64,626	d125,207	....	....	d0.45	...	Nil	2,041,863				
Dover Industries	1941	......	*353,886	182,438	....	....	1.28	...	0.60	665,514	Not Listed			John Moodie, pres., Port Nelson, Ont.; F. K. Morrow, vice-pres., Toronto; H. Keedwell, sec., Chatham, Ont.; E. M. Fletcher, treas., Hamilton, Ont.; Victor Vallance, Hamilton; J. F. McDonagh, J. F. Lash, H. A. Sawyer, Toronto; Wm. Burr, Preston, Ont.; R. R. Barber, Guelph, Ont.
*For 21 months, Jan. 1, 1940 to Sept. 30, 1941.														
Eastern Dairies	*1942	2,433,000	561,034	61,515	1.63	1.64	d2.03	Nil	Nil	493,382	.75	.25	.50	W. R. Aird, pres. and man. dir.; P. A. Thomson, vice-pres.; Maj.-Gen. C. B. Price, A. J. Nesbitt, Montreal; E. W. King, Toronto.
*Years ended Mar. 31. d—Deficit.	*1941	2,433,000	588,274	28,195	1.32	0.75	d2.37	Nil	Nil	360,315				
	*1940	2,521,500	382,505	d12,696	0.94	d0.34	d2.78	Nil	Nil	213,225				
Fanny Farmer Candy Shops	1941	......	1,892,835	977,835	....	....	2.72	...	1.50+.25	1,315,290	28	15	17¾	J. D. Hayes, pres. and chmn.; J. F. Burke, vice-pres. and asst. to pres.; M. T. Farrell, J. F. Cronin, W. C. Seaton, vice-pres.; J. P. Hogan, sec.; C. S. Hallauer, Rochester; R. R. Corson, Toronto.
	1940	......	1,360,982	976,982	....	....	2.68	...	1.50+.25	1,241,123				
	1939	......	1,194,486	960,486	....	....	2.56	...	1.50+.25	1,396,057				
Honey Dew	1941	130,500	237,223	80,346	....	....	3.89	...	2.00	† 51,065	19	14	18	E. P. Taylor, pres.; W. G. Lumbers, vice-pres.; D. H. Gibson, D. W. Smart, J. A. Gairdner, E. W. Bickle; Toronto; A. R. Kaufman, Kitchener, Ont.
†Excess of curr. liab. over curr. assets.	1940	130,500	174,293	55,692	....	....	2.70	...	1.00	†113,245				
	1939	......	92,984	22,262	....	....	1.30	...	Nil	† 69,856				
Hunt's Ltd.	1941	......	68,448	d 120	....	....	0.004	...	Nil	*20,277	8½	3¼	6	H. W. Hunt, pres. and man. dir.; L. K. Hergert, sec.-treas.; J. H. Ratcliffe, Muriel G. Laidlaw; Toronto; F. T. Brooks, Hamilton.
▲Authorized and issued to secure bank loan: returned to co. in 1941. d—Deficit. *Excess of curr. liab. over curr. assets.	1940	▲100,000	28,344	18,723	....	....	d0.56	...	Nil	*53,580				
	1939	......	1,366	52,223	....	....	d1.55	...	Nil	*45,089				
Inter City Baking	*1942	†944,500	391,594	114,894	4.32	....	5.43	...	3.00	516,742	26	22	26	F. S. Meighen, pres.; C. H. G. Short, vice-pres. and gen. mgr.; D. A. MacInnes, asst. sec.-treas.; R. W. Reford, L. M. Strachan; Montreal; C. W. Cotter, Ottawa; W. L. MacGregor, Toronto.
*Years ended Jan. 31. †After $97,000 redeemed July 1, 1942.	*1941	1,085,500	316,624	84,963	3.32	....	4.02	...	3.00	442,564				
	*1940	1,127,500	307,799	115,827	3.30	....	5.48	...	3.00	392,197				
International Milling	1941	1,900,000	......	1,594,440	....	29.35	4.85	5.00	Nil	10,542,342	Not Listed			F. A. Bean, pres.; Charles Ritz, vice-pres.; Minneapolis; J. J. Kovarik, vice-pres., Buffalo, N.Y.; J. M. Bruzek, vice-pres.; P. B. Hicks, vice-pres.; Atherton Bean, vice-pres.; F. V. Spofford, sec.; Minneapolis.
	1940	1,950,000	......	2,197,156	....	39.68	6.99	5.00	2.50	10,023,998				
	1939	1,500,000	......	1,945,485	....	33.93	5.97	5.00	1.50	10,770,510				
Jenkins' Groceteria	1941	......	86,102	43,795	....	9.27	0.53	7.00	Nil	372,173	Not Listed			H. M. Jenkins, pres. and gen. mgr.; P. A. Carson, sec.-treas.; John Ross.
	1940	......	78,509	42,575	....	9.01	0.47	7.00	Nil	350,374				
	1939	......	77,424	51,325	....	10.86	0.91	7.00	Nil	340,082				
Lake of the Woods Milling	*1942	*2,500,000	1,523,847	517,059	....	34.47	2.79	7.00	1.20	1,863,687	18½	11½	17	Brig.-Gen. F. S. Meighen, pres.; C. H. G. Short, man. dir.; R. W. Reford, Walter Molson, P. F. Sise, Alphonse Raymond; Montreal; Isaac Pitblado, Winnipeg; J. W. Hobbs, Toronto; J. H. Pillman, London, Eng.
*Held by banks as collateral for loans. †Years ended Aug. 31.	*1941	2,500,000	1,309,812	478,699	....	31.91	2.53	7.00	1.20	1,502,188				
	*1940	4,000,000	1,078,135	476,601	....	31.77	2.52	7+3.50	0.50	1,261,727				
Laura Secord Candy Shops	*1941	......	473,499	244,904	....	....	0.852	...	0.80	1,863,894	11	6½	8¼	J. D. Hayes, pres. and gen. mgr. and chm.; C. P. Moher and H. R. Corson, vice-pres.; J. F. Lash; C. H. Elliston, sec.-treas., Toronto.
*Years ended Sept. 30.	*1940	......	373,575	231,087	....	....	0.804	...	0.80	1,844,911				
	*1939	......	354,870	286,787	....	....	1.00	...	0.80	1,793,208				
Loblaw Groceterias	*1942	......	2,094,300	1,264,300	....	....	1.53	...	1+.25	3,487,560	"A" 28	19½	19¾	J. Milton Cork, pres.; C. B. Shields, vice-pres. and gen. mgr.; Daniel Urquhart, vice-pres.; Justin M. Cork, vice-pres. and asst. gen. mgr.; R. G. Meech, sec. and treas.; W. E. Cork, Toronto; W. A. Arbuckle, Montreal.
*Years ended May 31.	*1941	......	1,968,830	1,198,830	....	....	1.45	...	1+.25	3,415,825				
	*1940	......	1,911,929	1,361,929	....	....	1.64	...	1+.25	3,512,016				
Loblaw Groceterias, Inc.	*1942	......	1,094,464	449,456	....	....	1.31	...	0.90	899,780	Not Listed			F. K. Morrow, pres., Toronto; J. R. Peachey, vice-pres. and gen. mgr., Buffalo; S. G. Score, treas., Snyder, N.Y.; Daniel Urquhart, W. G. Watson, R. S. McPherson, Toronto; J. F. Harter, Eggertsville, N.Y.
*Years ended Feb. 28.	*1941	......	530,079	346,178	....	....	1.02	...	0.80	874,401				
	*1940	......	398,596	298,268	....	....	0.89	...	0.80	872,244				
Maple Leaf Milling	*1941	4,412,500	1,271,209	332,594	7.01	3.62	1.07	Nil	Nil	1,569,896	4¼	1⅝	2⅛	D. C. MacLachlan, pres. and gen. mgr.; E. Everett Bristol, J. L. Henderson, C. E. Soward, K. F. Wadsworth, J. G. Singer; Toronto; G. W. Stepan, Montreal; E. E. Buckerfield, Vancouver; H. E. Sellers, Winnipeg.
*Years ended July 31.	*1940	4,505,000	1,230,835	317,220	7.08	3.45	1.01	Nil	Nil	1,197,106				
	*1939	4,620,500	850,729	394,023	3.96	4.28	1.32	Nil	Nil	880,891				
Manitoba Sugar	*1941	600,000	‡158,317	‡58,600	‡8.24	‡3.91	d1.56	Nil	Nil	‡163,770	Not Listed			G. H. Aikins, pres.; N. L. Leach, vice-pres.; W. H. Carter, vice-pres.; John Martin, H. E. Sellers, Winnipeg; Baron Charles Neuman, Jakob Goldschmidt, New York; J. T. Boyd, Paul Kronacher.
As at * Mar. 31. †Sept. 30. ‡18 mos. end. Mar. 31. d—Deficit.	†1940	600,000	......	......	....	....	....	Nil	Nil	129,927				
Maritime National Fish	*1941	......	......	81,468	....	....	....	6.00	1.00	234,256	Not Listed			H. G. Connor, pres.; W. H. Boutilier, vice-pres.; H. V. D. Lang, sec.; W. I. McDougall, J. McG. Stewart; all of Halifax; S. G. Matthews, Montreal.
*For year ended Apr. 30.	*1940	......	......	97,050	....	....	....	6.00	0.45	......				
Moirs Ltd.	1941	739,400	*270,023	69,158	4.06	7.10	0.69	Nil	Nil	735,888	Not Listed			J. C. MacKeen, pres.; W. B. Proctor, man. dir.; W. K. McKean, vice-pres.; J. F. Fraser, C. W. Stairs, J. McG. Stewart, D. R. Turnbull, Halifax.
*Net earnings after expenses etc. d—Deficit.	1940	750,000	*223,480	52,789	2.71	5.42	d0.37	Nil	Nil	651,377				
	1939	750,000	*115,045	Nil	1.00	Nil	d3.77	Nil	Nil	557,460				
Muirheads Cafeterias	*1942	......	15,307	†2,571	....	d0.54	d0.08	Nil	Nil	14,533	.10	.05	.10	H. M. Millar, pres.; F. D. Paterson, vice-pres. and gen. mgr.; J. M. Rutherford, sec.-treas.; E. G. McMillan, A. M. Dunn, all of Toronto.
*Years ended Feb. 28. d—Deficit.	*1941	......	†8,204	†8,204	....	d1.71	d0.15	Nil	Nil	5,680				
	*1940	......	†8,593	†8,593	....	d1.79	d0.15	Nil	Nil	14,148				
National Grocers	*1942	500,000	1,299,033	628,263	44.91	4.29	1.38	1.50	Nil	4,196,803	7	3¾	5⅝	Archie Foster, pres. and chm. of board; M. D. Lemon, vice-pres.; H. L. McNally, gen. mgr.; T. H. Kinnear, sec.-treas.; David Blain, J. T. Mediand, Marland Woolnough, A. B. Gordon, Toronto; W. G. McLauchlan, Owen Sound; A. J. Major, Ottawa; W. H. Kenny, Sarnia.
*Years ended Mar. 31.	*1941	700,000	979,742	481,790	22.59	3.26	0.88	1.50	Nil	3,780,274				
	*1940	800,000	984,970	599,493	19.88	4.00	1.27	1.50	Nil	3,587,436				
Ogilvie Flour Mills	1941	......	1,652,648	769,068	....	38.45	1.05	7.00	1.00	7,110,982	22½	17½	18½	Hon. Charles A. Dunning, pres.; G. A. Morris, vice-pres. and gen. mgr.; Sir Montagu Allan, R. R. Dobell, A. M. Vaughan, Beaudry Leman, Ross H. McMaster, M. W. Wilson, Montreal; F. K. Morrow, Toronto; Sidney T. Smith, Winnipeg.
	1940	......	1,461,739	905,334	....	45.27	1.28	7.00	1.00	7,494,620				
	1939	......	1,449,663	996,317	....	49.82	1.43	7.00	1.00	7,910,007				
Quinte Milk Products	1941	......	53,483	20,925	....	....	0.49	...	.20+.05	45,283	Not Listed			A. L. A. Richardson, pres., Toronto; J. M. Hartwick, vice-pres. and gen. mgr.; F. L. Bell, sec.-treas.; Wellington, Ont.; W. McFatt, W. R. Salter, Toronto.
	1940	......	31,667	13,757	....	....	0.32	...	0.20	44,059				
	1939	......	41,448	18,698	....	....	0.52	...	0.15	41,247				
St. Lawrence Flour Mills	*1942	......	314,836	126,045	....	22.56	2.40	7.00	1.80	724,246	25	19	22	D. A. Campbell, pres. and man. dir.; G. W. Grier, vice-pres.; C. E. Gravel, R. E. Chadwick, J. Henri Labelle, J. J. McGill, C. H. Branchaud, all of Montreal.
*Years ended Aug. 31.	*1941	......	314,869	114,991	....	20.00	2.08	7.00	1.50	486,413				
	*1940	......	301,439	132,294	....	23.01	2.55	7.00	1.50	595,241				
Silverwood Dairies	*1941	2,850,000	656,810	66,062	9.20	0.456	0.21	0.20	0.40	794,171	8½	3	8	A. E. Silverwood, pres.; W. E. Robinson, vice-pres.; J. H. Duplan, man. dir.; J. H. Gillies, compt. and sec.-treas.; E. G. Silverwood, R. G. Ivey, London, Ont.; E. K. Reiner, Wellesley, Ont.; E. B. Nelles, London, Ont.; W. H. Carruthers, Dr. L. E. Pollock, T. R. Harrison, Toronto.
*For 6 mos. ended Sept. 30: for years ended Mar. 31.	†1941	2,950,000	858,161	116,316	8.48	0.80	0.33	.40+.20	Nil	867,091				
	†1940	2,531,000	694,823	150,067	6.53	1.03	0.52	.40+.40	Nil	549,172				
Stop & Shop	*1942	373,800	51,573	d1,810	0.87	....	....	Nil	Nil	5,861	.25	.15	.25	R. H. Hommel, pres.; A. D. Cobban, vice-pres.; R. W. S. Johnston, sec.-treas.; H. B. Housser, E. F. Coste, *T. D. Leonard, W. C. McLaughlin, *B. N. Barrett, Toronto; *Frank Relyea, Waterloo, Ont. *Representing bondholders.
*Years ended Apr. 30. d—Deficit.	*1941	416,900	70,007	d 288	1.07	....	....	Nil	Nil	6,545				
	*1940	557,400	92,028	d 677	1.01	....	....	Nil	Nil	12,572				
Thrift Stores	*1942	......	164,825	61,612	....	4.49	1.55	Nil	Nil	206,802	2½	1	2½	R. H. Hommel, pres.; A. D. Cobban, vice-pres.; Toronto; R. J. Ward, gen. mgr. and sec.-treas., Montreal; E. F. Coste, H. B. Housser, R. W. S. Johnston, B. N. Barrett, Toronto; W. E. Dunton, Montreal; J. J. McHardy, Hamilton.
*Years ended Mar. 28.	*1941	......	153,393	51,482	....	3.75	1.04	Nil	Nil	139,714				
	*1940	......	132,197	57,171	....	4.17	1.32	Nil	Nil	168,003				
Viau, Ltd.	*1942	......	597,624	98,098	....	10.37	1.13	5.00	Nil	354,926	4	3	3	Albert Hudon, chm.; Roger Viau, pres.; Guy Perron, vice-pres.; Hon. Wilfrid Gagnon, Dr. J. E. Lanoie, E. D. Tetreau; Montreal.
*Years ended Jan. 31.	*1941	......	514,088	58,100	....	6.14	0.24	5.00	Nil	232,789				
	*1940	295,300	503,376	85,543	....	9.04	0.85	5.00	Nil	471,355				
Western Canada Flour	*1941	......	402,849	227,279	....	9.42	0.52	Nil	Nil	562,813	2.00	.75	1.05	D. I. Walker, pres. and gen. mgr., Toronto; R. H. B. Ker, vice-pres., Victoria, B.C.; J. J. Page, vice-pres.; A. J. Mitchell, J. H. Gundy, F. G. Lawson, I. C. Hall, C. F. B. Tippet; Toronto; J. A. Kilpatrick, Montreal; John Davidson, London, Eng.
*For years ended July 31.	*1940	......	436,551	216,127	....	8.96	0.44	Nil	Nil	725,162				
	*1939	......	209,754	50,775	....	2.10	d0.79	Nil	Nil	353,669				
Western Grocers	1941	......	424,023	291,992	....	24.45	12.30	7.00	3+1	1,584,955	60	42	46½	W. P. Riley, pres.; W. H. McWilliams, vice-pres.; H. W. Hutchinson, F. O. Fowler, R. C. Riley; Winnipeg.
	1940	......	373,998	269,634	....	22.58	10.98	7.00	3	1,195,581				
	1939	......	391,156	226,730	....	18.98	8.45	7.00	3	1,325,382				
George Weston	1941	......	1,550,305	616,010	....	35.05	1.30	5.00	0.80	1,536,801	12	9	10	J. A. Gairdner, chm., Toronto; W. Garfield Weston, pres., Marlow, Eng.; F. W. St. Lawrence, vice-pres. and man. dir., Toronto; R. E. Watson, vice-pres., Passaic, N.J.; R. A. Robertson, sec.-treas.; E. T. Taylor; Toronto; H. C. Beach, Battle Creek, Mich.
	1940	......	1,374,175	579,455	....	32.96	1.21	5.00	0.80	1,317,756				
	1939	......	1,382,175	699,099	....	39.80	1.51	5.00	0.80	1,389,255				
Wilsil Ltd.	1941	......	413,795	192,505	....	....	1.42	...	1.00	1,448,721	18¼	14½	15	F. K. Morrow, chmn.; A. Wright, pres.; Daniel Brogan, vice-pres. and sec.-treas.; Henry MacEwan, E. C. Rettig, vice-pres.; D. A. Campbell, G. A. Morris, Montreal; J. P. St. Laurent, Quebec; R. W. Jameson, Antrim, N.H.
	1940	......	379,128	202,547	....	....	1.49	...	1.00	1,447,437				
	1939	......	402,629	299,837	....	....	2.21	...	1.00	1,442,904				

Volume Sales Offset Low Profit Margins

(Continued from page 20)

lower at 4.87% compared with 5.58% in 1941. Net profit showed a small increase and the company was again able to cover its $1.25 dividends by a reasonable margin.

Sales in the first three months of the year beginning June 1 showed a small increase over a year ago but net operating results were somewhat lower.

National Grocers

National Grocers Co., a large wholesale grocery concern operating in Ontario and serving more than 18,000 retail grocers, reports increases in sales in some of the departments this year. In spite of labor shortages, sales volume has been well maintained but a number of products which are becoming in short supply are beginning to hit the wholesale grocery trade seriously.

This condition is expected to increase in 1943 because of diminishing merchandise and more difficult labor problems.

In addition to the independent grocers served, the company supplies the Red and White chain in Ontario. Earnings have improved in recent years.

Stop & Shop

Stop & Shop, Ltd., is a holding company controlling Thrift Stores Ltd. Stores formerly operated in Toronto were leased in 1938 to Dominion Stores with Stop & Shop agreeing not to carry on business in the Toronto district for a 10-year period.

Sole source of income to Stop & Shop in recent years have been rentals on its stores and interest earned. As a result it has reported small losses each year after payment of bond interest. The interest is being paid at a fixed 3% rate by arrangement with bondholders with the additional 3% interest being accumulated but payable only out of one-half of the net profits. As no profits have been earned since Oct. 1, 1937, no provision has been made for the additional interest.

Thrift Stores

Thrift Stores Ltd., controlled by Stop & Shop, Ltd., operates 72 retail grocery and meat stores in Montreal and Ottawa. Its chain is the largest in the Montreal area.

Earnings have improved in the past three years and a small profit has been reported. No dividends have been paid on either first or second preference shares since 1935 and arrears amounted to $12.18¾ a share on the first preference and $5.25 a share on the second preference on July 1 this year.

Western Grocers

Western Grocers Ltd. reports a reasonable increase in sales and profits to date this year as compared with 1941.

Engaged in the wholesale grocery business in Western Canada, the Red & White Chain of about 700 stores is an affiliate. Through subsidiaries the company operates a wholesale fruit and vegetable business in British Columbia.

Sales volume in 1941 in dollars and tonnage was greater than in 1940. In spite of a fractional decline in gross margins, net profits showed a moderate increase. The company pays extra dividends from time to time on its common with the latest payment one of $2 a share made April 15 this year. Regular quarterly dividends of 75c a share are paid.

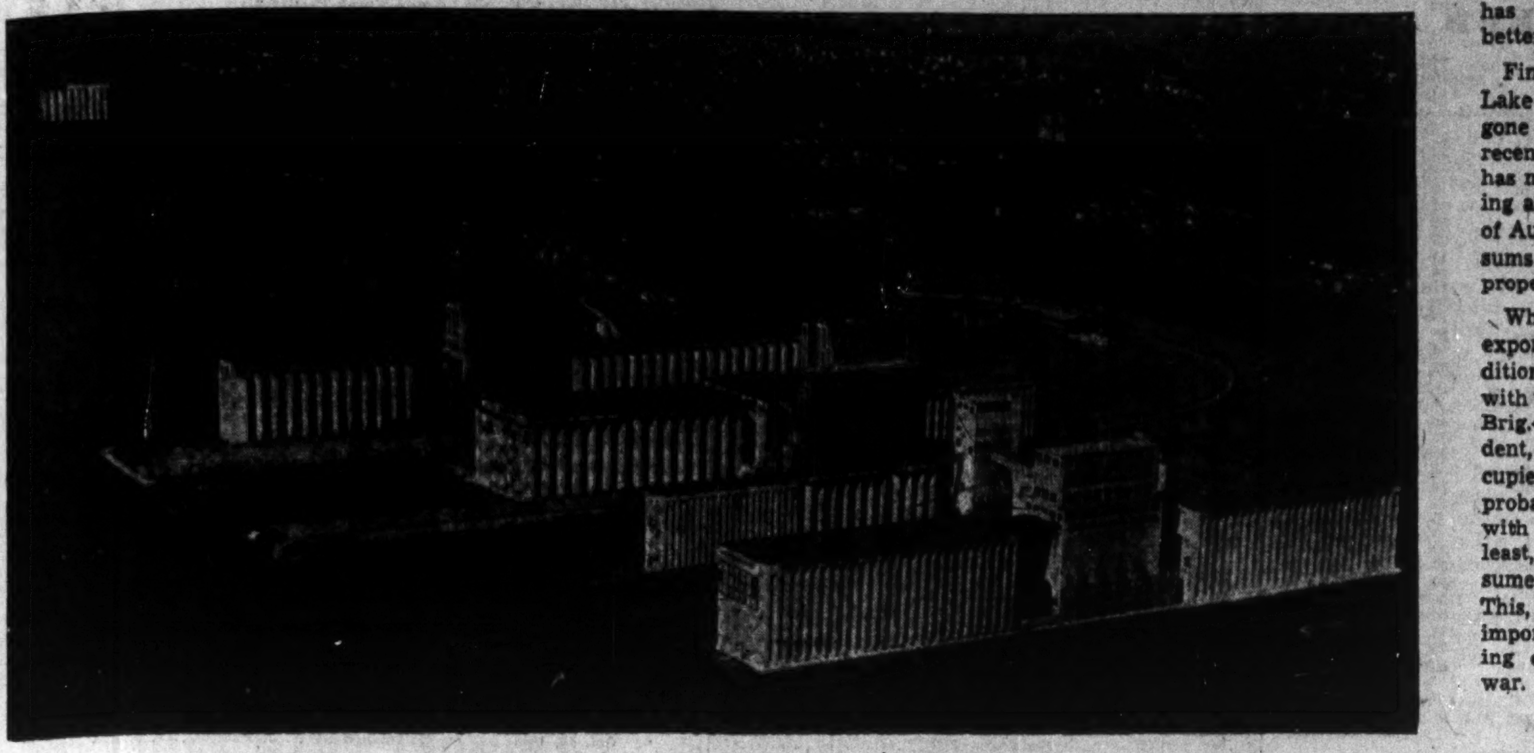
Potato Crop Best Since 1934

First estimate of the 1942 potato crop in Canada at 43,047,000 cwt. is almost 4 million cwt. above the 1941 production, according to the Dominion Bureau of Statistics. This represents the highest production for the Dominion since 1934 when a crop of 48 million cwt. was harvested.

The 1942 yields in Prince Edward Island are notably better than a year ago, while the Nova Scotia and New Brunswick yields are also heavier. In Quebec and Ontario the outturns are slightly under those of 1941 and below the average yields for these provinces. The Manitoba potato crop is giving the same high yield as in 1941, while Saskatchewan and Alberta are digging the best potato crops in many years. The B. C. crop is practically unchanged from a year ago.

Millers Enjoy Good Sales Volume

Industry Has No Material Supply Problem But is Short on Labor



Now in store in Canada is something over 400 million bushels of wheat. This year's heavy harvest should push that figure considerably higher. In turn this brings a problem of where to store the wheat; great lake head elevators like those shown are already well filled. Grain storage is a big problem today but after the war these accumulated stocks should play a large part in rehabilitating war-ravaged and war-starved peoples in Europe and elsewhere.

Canadian millers generally report somewhat higher sales in the crop year closed July 31 last than they did in the preceding period. This appears to have been due chiefly to improved domestic demand and substantially higher sales of feeds. Export sales, on which detailed figures have not been published for some months, are understood to have been somewhat lower, probably due to shipping difficulties.

For the current year most Canadian millers expect volume to continue around the levels prevailing in the past two years, which have been relatively satisfactory when compared with prewar figures. Domestic sales should hold reasonably well while demand for feeds will probably increase as Canadian farmers answer the appeal for more beef, pork and dairy products.

Abundant supplies of wheat and coarse grains are available in Canada. A few milling supplies may prove hard to obtain but there appear few material obstacles to continued heavy production.

But all millers complain of a shortage of labor and necessity for employing less efficient help. As a result of this and other factors, their costs are going up without any compensating increase in selling prices. The outlook is thus for little or no improvement in profit margins while taxes in the coming year will take a heavier share when the new rates become fully effective.

Price ceilings have brought about an unusual situation in the milling trade whereby millers are permitted to buy wheat for domestic use at a ceiling price of 77⅜ cents a bushel although the guaranteed price has been raised by the Dominion from 70 cents to 90 cents a bushel. This situation is causing some disturbance in the milling industry, which feels it has been placed in a false position and is expected to result in Canada offering flour for sale abroad at a loss of several million dollars to the Canadian government.

Inter. Milling

International Milling Co. is an important factor in the milling and feed fields in Canada and the United States. Business is largely domestic in these two countries although a limited export business is carried on under normal conditions. In Canada it conducts its business under the name of Robin Hood Flour Mills, Ltd., a wholly owned subsidiary.

Due to the company's chief dependence on domestic business, its earnings have shown less than average fluctuation and it has a long term record of regular dividend payments. Public interest is confined to the 5% first preference issue which was sold in Canada by A. E. Ames & Co. in 1935, with additional offerings in 1937.

Lake of The Woods

Lake of the Woods Milling Co.'s operations held at a satisfactory level during the year ended Aug. 31 last. The financial statement shows earnings on a higher basis than in 1940-41 with net operating profit up over $200,000.

Increasing consumer purchasing power has helped domestic sales. At the same time the demand from overseas, particularly the United Kingdom, has given the company a good volume of export trade. The subsidiary, Inter City Baking Co., has been experiencing much better conditions.

Financially the position of Lake of the Woods has undergone a marked improvement in recent years. Working capital has more than doubled, standing at $1.8 millions at the end of Aug., 1942. Relatively large sums have been spent on the property.

While increased volume of exports, attributed to war conditions would normally end with the cessation of hostilities, Brig.-Gen. F. S. Meighen, president, has stated that enemy occupied countries of Europe will probably have to be supplied with foodstuffs for a time at least, until they are able to resume production themselves. This, it is believed, may have an important bearing on maintaining export volume after the war.

Maple Leaf Milling

Maple Leaf Milling Co. is expected to report profits for the year ended July 31, 1942, equal to those of the preceding year when the company earned $3.62 per share on its class A preferred before taking into account the participating feature. Domestic sales are understood to have been about the same as in the preceding year with export sales somewhat lower.

Like other Canadian milling concerns it suffers from low profit margins on domestic business under price ceiling regulations and requires a substantial export volume to keep overhead and unit costs down. No dividends have been paid on the class A preferred shares although they are cumulative at a 70-cent annual rate from Dec. 1, 1938. A new arrangement regarding sinking fund on the bonds and deferred bank loans was made in 1939 with provisions restricting dividend payments.

Maple Leaf Milling has important baking interests and controls Canada Bread Co., Canadian Bakeries Ltd., Eastern Bakeries Ltd.

Ogilvie Flour

Ogilvie Flour Mills' operating profits in the year ended August 31 last compared favorably with those of the preceding year. It was expected there would be a falling off in export demand but trade was well maintained throughout the year.

Outlook for a continuation of heavy shipments of flour for exports is not overly encouraging, as it is expected British milling organizations will be able to take care of a greater proportion of requirements than hitherto.

Ogilvie is one of the oldest established mills in Canada. In past years it has built up a large surplus from earnings which have been reinvested in various subsidiary interests and securities. The revenue from this source now constitutes an important share of total income and has given the company the semblance of an investment trust.

The company has an excellent dividend investment record. Dividends on preferred and common stocks have been covered by a wide margin for many years past.

St. Lawrence Flour

St. Lawrence Flour Mills position varies little from that of other millers. The extent of its operations and earnings depends largely upon export demand. Operating returns in the year ended Aug. 31 were almost exactly the same as in the preceding year. Net profits were slightly lower, but were still more than ample to cover dividend requirements.

Export and domestic sales throughout the past year, according to D. A. Campbell, president of the company, were excellent, again creating a new high record.

This maintenance of operations was reflected in the action of the board in increasing the dividend on the common stock from 25 to 35 cents quarterly, or at the rate of $1.40 annually. A bonus of 50 cents a share also was paid on the common.

Western Canada

Western Canada Flour Mills Co. is expected to report profits for the year ended July 31 last somewhat improved over 1941, principally due to higher feed sales. It is understood that the company's sales of flour were somewhat lower but a substantial improvement in commercial feeds was experienced.

This company has no funded debt, but has been unable to pay dividends on its preference stock since March, 1931. Arrears at Sept. 1, 1942, amounted to $56.62½ a share.

Western Canada has a substantial interest in the baking business through Purity Baking Co. Last year this subsidiary reported a net loss of $263,084, provision for which was made in the parent company's books.

Sugar Beet Output Is Slightly Lower

Commercial sugar beet production in Canada is estimated at 701,000 tons, slightly below the 711,700 tons produced in 1941. A 10% reduction in acreage was almost offset by a 10% increase in yield. Bad weather at planting time kept the acreage down, particularly in Ontario this year, whereas the acreage in southern Alberta was somewhat expanded.

EGGS for BRITAIN

Whole eggs arriving . . . dried eggs ready for shipping . . . at the new Burns' Egg Drying Plant, Calgary.

Burns & Co. Limited now play another role in providing food for a courageous Britain and the Canadian troops that stand ready to form the spearhead of the Victory offensive against Nazism. Through the opening of this new Burns' Egg Drying Plant in Calgary, over 210,000 Grade "A" Alberta eggs are made available daily for shipment overseas.

BURNS & CO. LIMITED
The Pioneer Meat Packers of the Canadian West

.... and backing up Canada's fighting men!

Canada Bread is serving more Canadian families than ever before, and is giving them adequate wartime service in the face of voluntary reductions of many kinds in line with wartime restrictions.

GASOLINE CONSUMPTION REDUCED. In the last three months of the fiscal year ending June 30, 1942, a period when gasoline consumption by commercial vehicles was not restricted, Canada Bread vehicles operated on 20% less gasoline than in the similar quarter of 1941.

NUMBER OF PRODUCTS REDUCED. Voluntary simplification of practice by Canada Bread resulted in a 60% reduction in the number of products offered.

MANPOWER RELEASED. By consolidation and elimination, the number of routes has been reduced by 100. This combined with other voluntary simplified practices has reduced the number of Canada Bread employees from 2,044 to 1,863.

CEILING PRICES. Canada Bread has been and is being sold in the face of rising costs at a price established two years before the fixed price ceiling was set. In other words, Canada Bread is today selling at pre-war prices.

TAXES. Income and excess profits taxes amounting to $122,000 were paid in the last fiscal year completed; or $73,125 more than would have been paid at pre-war (1938) rates.

CUSTOMER ATTITUDE APPRECIATED. Canada Bread is keeping faith with its customers by maintaining rigidly the quality of all products still being offered. The company appreciates the fine spirit of its customers in accepting a reduced variety of product and service during the progress of the war.

CANADA BREAD
COMPANY LIMITED

"The QUALITY Goes In Before The NAME Goes On"

"Don't shove, Elmer, there's no shortage of Victory Bonds," smiled Elsie

"WELL, this is no time for holding back!" rumbled Elmer, the Bull, trying to push his way into line. "We've all got to get in there and buy Victory Bonds and War Savings Certificates! Even if we have to go short of something . . ."

"That's right, Elmer!" smiled Elsie. "And speaking of shortages, isn't it wonderful how patient and understanding our customers have been when we couldn't supply all the Borden's Ice Cream they wanted! And our dealers, too! They have suffered so much inconvenience and loss of business and have taken it all in good part, knowing that this ice cream shortage could not be avoided."

"Very true," admitted Elmer, puffing noisily. "'Scuse me, madam, I'm just trying to keep cool in this crowd . . ."

"Too bad I can't pass around some of Canada's favourite dessert . . . I mean Borden's smooth scrumptious ice cream," beamed Elsie brightly. "It's the grandest ice cream you ever dipped a spoon into . . . whether you buy it in a brick, in bulk, or in MelOrol."

"What's MelOrol, mummy?" interrupted little Beulah.

"Why, that's Borden's wonderful modern style of ice cream. It's made up into individual portions, each one roll-packed right at the freezer in a special wrapper to protect its purity, dairy-freshness, and fine flavour. You know, military canteens and war plant cafeterias are finding that Borden's MelOrol Ice Cream is the very thing for them. MelOrol is so quick and easy to serve that no matter how many people have to be looked after in a short time, they can all have their favourite nourishing dessert."

"And these days when we must keep fit by eating the right foods, Borden's Ice Cream is a welcome addition to the diet. It is rich in essential proteins and minerals, and has all the wonderful food value of Borden's milk, besides being a real energy food."

• • •

DO YOU KNOW that the wholehearted co-operation of our customers and our dealers has made it possible for Borden's to put into effect a carefully-planned restriction in the truck delivery of Ice Cream all over Ontario and Quebec that has resulted in an important saving of rubber and gasoline for our armed forces?

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-if it's Borden's it's got to be good

141-IC

THE BORDEN COMPANY LIMITED

THE WEEK'S QUOTATIONS

Montreal and Toronto
Week ending Monday close

Winnipeg and Vancouver
Week ending Saturday close

Quotations here listed are the official stock exchange prices for listed stocks, including curb market quotations. For unlisted stocks, quotations by unlisted dealers are given. The Financial Post cannot accept any responsibility for these quotations.

STOCKS TRADED THIS WEEK

WEEK ENDING OCTOBER 19

Mining Stocks

WEEK ENDING OCTOBER 19

Oil Stocks

* Yield including bonus. † Paid in 1942 to date. ▼ Paid in 1941.

Volume of Stock Sales

	Montreal Markets Indust.	Montreal Markets Mines	Toronto Markets Ind. & Mines	Vancouver Markets Ind. & Mines
Oct. 20	6,600	3,700	134,000	......
Oct. 19	4,000	11,400	140,000	......
Oct. 17	3,500	15,800	105,000	6,850
Oct. 16	6,800	10,100	166,000	5,603
Oct. 15	6,500	9,800	109,000	7,395
Oct. 14	7,000	20,200	141,000	7,975

Government Bonds

Unlisted Stocks

(Furnished by A. J. Pattison, Jr. & Co., Toronto)

Unlisted Mines

Supplementary Stock Quotations

(Furnished by Plaxton, Cherry & McDonnell, Toronto)

* Issue carries arrears.
† Currently paying on arrears.

Municipal Bonds

Oct. 20, 1942

	%	Due	Bid	Ask.	Yld. %
†Halifax	5	1961	115.00	117.00	3.74
Hamilton	5	1950	111.00	114.00	2.95
Montreal	5	1943	95.00	98.00	*
Ottawa	4½	1945	104.00	105.50	2.42
†Quebec	5	1959	109.00	112.00	4.02
Saint John	5	1950	105.50	108.50	3.79
†Toronto	4½	1955	116.50	117.50	2.83
†Vancouver	5	1950	103.00	106.00	4.62
Winnipeg	5	1944	100.00	103.00	2.94

†Payable Can. & N.Y. *Flat.

Annual Meetings

1942	Company	Place
Annual meetings—		
Oct. 24	Blue Ribbon	Toronto
Oct. 26	High-Sarcee Oils	Calgary
Oct. 27	Alberta Pac. Grain	Winnipeg
Oct. 28	Lake of Woods Mill.	Montreal
Oct. 30	Anglo-Huronian	Tornoto
Oct. 30	Calgary & Edm.	Winnipeg
Oct. 30	Federal Grain	Winnipeg
Oct. 30	Lapa Cadillac Gold	Toronto
Nov. 25	Imperial Bank	Toronto

STOCKS NOT TRADED THIS WEEK

Mining Stocks

Oil Stocks

Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

October 20, 1942

Dividends Declared

Week Ending Oct. 20, 1942

Investment Trusts

OIL ROYALTIES

Producing Wells — Prices and Payments

	Oct. daily allow. bbls.	Sept. daily allow. bbls.	June pay. 1% $	July pay. 1% $	Aug. pay. 1% $	Paid to Aug. 31 1% $	Dealers offering price 1%* $
Ace No. 1 gross	525	525	241.87	230.24	219.32	3,370.55	....
Alta. Oil Inc. No. 1 gr.	82	82	48.40	38.40	33.60	3,465.60	1,300
Do., No. 1 net	82	82	39.60	30.40	25.60	3,972.40	1,000
Do., No. 2 gr.	485	485	234.80	229.60	234.40	3,633.60	8,000
Do., No. 2 net	485	485	213.60	166.40	168.00	5,525.00	5,000
Allied No. 1 pfd.	95	95	45.84	42.61	38.12	636.26	....
Arrow No. 1 net	116	116	70.00	49.00	47.00	1,381.60	....
Do., No. 2 net	186	186	80.00	64.90	70.00	1,352.20	2,100
Atlas No. 1 net pfd.	105	105	62.40	....	48.80	......	1,600
Atlas-Br. D. No. 2 pfd.	654	654	416.00	317.60	329.20	1,529.60	8,800
D. & D. net pfd.	75	75	32.40	27.60	26.80	1,747.80	1,000
East Crest No. 5	130	130	69.20	59.20	59.20	187.60	2,100
Independent No. 1 p.	220	220	133.92	114.60	103.03	1,820.42	3,700
Do., No. 1 gr.	220	220	97.75	103.42	89.75	1,884.07	....
Major Oil No. 1 pfd.	108	108	61.80	62.00	46.00	550.00	1,300
Do., No. 1 gr.	108	108	60.80	59.20	54.80	1,429.40	....
Do., No. 2 net	578	578	376.40	284.80	289.60	4,022.20	6,100
Do., No. 2 gr.	578	578	286.40	273.20	277.60	3,100.80	....
Do., No. 3 net	825	825	476.80	280.40	283.20	5,236.00	8,800
Do., No. 3 gr.	825	825	373.20	376.00	380.80	4,884.40	....
Do., No. 4 pfd.	299	299	292.40	149.20	144.00	1,806.00	4,700
Do., No. 4 gr.	299	299	218.80	134.80	128.40	2,106.00	....
Do., No. 7 pfd.	650	650	.....	.....	.....	......	7,800
Do., No. 7 dfd.	650	650	.....	.....	.....	......	4,400
Do., No. 7 gr.	650	650	.....	181.60	290.80	432.40	9,600
Do., No. 8 pfd.	529	293	.....	.....	.....	......	4,800
Do., No. 8 gr.	529	293	.....	.....	176.40	176.40	6,500
Do., No. 8 dfd.	529	293	.....	.....	.....	......	2,500
Do., No. 9 gr.	427	427	45.20	250.00	230.80	526.00	....
Do., No. 9 pfd.	427	427	.....	.....	.....	......	5,200
Do., No. 9 dfd.	427	427	.....	.....	.....	......	2,300
Miracle No. 1 pfd. net	415	415	135.36	152.09	139.53	4,339.03	4,000
Do., No. 1 gr.	415	415	273.68	203.20	178.12	4,181.40	....
Do., No. 2 pfd.	304	304	260.91	146.81	132.63	858.34	4,200
Do., No. 2 gr.	304	304	196.04	131.60	133.38	461.92	....
Renown No. 1 pfd.	85	95	46.56	38.00	52.60	137.25	1,700
Winalta No. 1 pfd.	81	81	41.20	35.60	46.80	3,382.70	1,000

*Approximately 25% over dealers' list prices.

Drilling Wells — Prices and Depths

Well:	Drilling depth ft.	Offering price per 1%
Atlas-Br. D. No. 3 pfd.	8,138	*$4,375
Bonaventure pfd.	6,361	2,700
Major Oil No. 6 pfd.	7,734	6,400
Major Oil No. 6 gr.	7,734	8,000
Miracle No. 3 pfd.	6,110	4,800
Miracle No. 3 gr.	6,110	6,400
Northcl. No. 1 pfd.	7,897	4,500
Northcl. No. 1 dfd.	7,897	2,200
Northcl. No. 1 gr.	7,897	6,400
Northend No. 1 pfd.	8,639	3,300
Northend No. 1 dfd.	8,639	1,800
Northend No. 1 gr.	8,639	4,500
Northend No. 2 pfd.	6,450	3,000
Northend No. 2 gr.	6,450	5,000
National Vulcan No. 1	2,485	*4,375
New Ranchmen's pfd.	1,790	*3,200
Empire pfd. (Ont.)†	....	*1,100
Hi-Test Pet. pfd.†	....	*3,000
Kinsella Ltd.†	....	*2,100

*Pegged price. †Acreage royalty.

Weather Speeds Harvesting

All Available Manpower Helps Reap Grain

From Our Own Correspondent

WINNIPEG.—Aided by ideal weather, and with farm labor and machinery employed to capacity, threshing has made great progress in western Canada during the past two weeks.

Grain which had been wet by September rains while standing in stooks dried out thoroughly, so as to permit threshing, and combines and binders have been handling grain which was previously uncut.

At just what rate grain has been threshed is difficult to estimate. Deliveries to elevators have run to five million bushels a day or more. But deliveries have been limited by quotas everywhere, and by congested elevators in most districts, so only a portion of that actually threshed has been placed in elevators, the remainder going into various forms of farm storage.

Western farm labor has been reinforced by thousands of excursionists from the east, mostly students, whose fares were paid by the Dominion Government. It has also been assisted by men from the cities, towns and villages, who gave up their ordinary work for a time in order to help in the fields. Farmers who have completed work on their own farms have gone to the assistance of their neighbors.

But the most important headway made with the task of taking care of western grain has been due to the fact that farmers have been able to work straight ahead, without weather interruptions such as caused most of them to lose weeks of time in August or September.

On the whole, grade damage from weathering has been less than was at one time feared. On the other hand, some frost damage, done before grain was cut, has been showing up. In most cases this lowered grade rather than yield, although in some areas it is disclosed that yield losses from frost to oats and barley were considerable, and crops have been less than the stands of straw appeared to indicate. But with the total crop estimated to yield more than 1.3 billion bushels of all grains, the significance of such local disappointments is not very great.

Deliveries of oats and barley by farmers have been at an unprecedented rate. Instead of giving the usual preference to wheat threshing, they have been threshing these grains ahead of wheat undeliverable on account of quotas, in order to take as full advantage as possible of the coarse grain quotas to which they are entitled.

Movement to Terminals

Movement of grain from country elevators to terminals is slow. Lakehead terminals are kept full, with shipments down the lake at a slow rate, and some thousands of loaded grain cars on track awaiting unloading. Railways are restricting the number of cars loaded in the country practically to the number being unloaded daily at the terminals, in order to avoid increasing the number tied up by grain.

Under instructions from the Canadian Wheat Board, car loadings are for the most part restricted to points where elevator space has been completely filled, except that preference is given to forwarding of flaxseed and durum wheat.

The Business Of Farming

By GORDON L. SMITH

Just when we need more home-grown sugar and substitutes to eke out our slim imported rations, along comes one of the poorest seasons in years for this kind of production. Due to acute scarcity of labor and unfavorable weather the sugar beet crop in Canada will not equal the output of a year ago. Both production and acreage were smaller.

Of equal importance is the fact that the honey crop is also seriously lower, production this year being estimated at slightly under 20 million pounds compared with 27 millions a year ago, and a high of almost 38 million pounds in 1938. The biggest drop occurred in Ontario, where the crop is only about 50% of last year.

* * *

Honey Crop Off

Reasons for the decline in honey production are entirely due to unfavorable weather. Heavy rains and foggy, dull days prevented bees from operating, especially in the clover fields. The latter, too, made very rank growth, pushed by the rains, and flowers from which nectar making honey is extracted were poor and hidden.

The bulk of Canadian honey comes from clover blooms in early summer and a succession of bright, sunny days are required then for maximum results.

* * *

Boom in Horse Meat?

A small size boom in horse meat for human consumption is reported from the United States. This comes at least 10 years too late to cause much interest in Canadian farm circles. The horse population of Canada has been declining for almost half a century and the drop has been greatly accelerated in the last decade as Canadian farmers have turned more and more to tractors.

The automobile, of course, was responsible for the first big reduction. This took driving horses first off the city streets and later off the country roads. Then came light and heavy trucks, which brought to a close the long flourishing trade in heavy dray and delivery horses raised by farmers for city operators. Final blow was a wholesale switch of farmers themselves to tractors and trucks.

* * *

Scant Chance of Horse Revival

The war, of course, has brought a revival of the horse following rigid restrictions on gasoline and tires. But most farmers regard this as temporary, and as it takes from three to four years to produce a good work horse even if breeding stock was plentiful, which it isn't, there is little that can be done about it.

As for the horse meat idea, several objections are seen. Good horses at present are too valuable as workers to be slaughtered for meat, and when they have passed this stage they are usually considered too tough for anything more than fox or dog meat. Moreover Anglo-Saxon people have never taken kindly to the idea of horse roasts or horse steaks.

* * *

Gardiner Misinterpreted?

The Wall Street Journal states that Agriculture Minister Gardiner recently intimated that Canada hasn't the packing facilities to handle its expanding hog and cattle production and that, as a result, our farmers would have to look for a further livestock outlet in the United States. We are inclined to think that WSJ misinterpreted Mr. Gardiner.

Enquiry reveals that Canadian packing facilities have greatly expanded in the last few years and that this expansion has kept pace even with the huge increase in production of livestock and especially of hogs. So far as we can discover there has never been more than a day or two delay in handling the biggest runs of cattle and hogs, and even at present there is claimed to be ample surplus capacity to handle all cattle and hogs in sight.

Moreover it would not be a difficult matter from the standpoint of time and critical materials to further extend packing facilities in Canada or even to widen the various types of meat turned out.

* * *

Still Idle Capacity

There are still some idle packing plants and canneries closed or partially restricted by government tin conservation orders, that could be utilized in a pinch, for turning out tinned beef if the demand arose.

Our understanding of Mr. Gardiner's American speech was entirely different, he suggesting that Canadian beef and cattle exports to the United States be continued, not because our packers could not handle them, but that such a flow would help the United States maintain its heavy and most essential export of meats and meat products to Great Britain.

* * *

The Coming Peace

Agriculture and some other industries received scant attention in the peace treaty which ended the last war. It is not likely that this neglect will be repeated. There would be little salvage from Canadian farmers immense and costly war job of expanding concentrated products, like meat, dairy and poultry products and contracting wheat, if the end of the war found the trade situation back where it was in 1939.

Without some international agreement Canada and American farmers will face the bitterest competition from Denmark, Holland, Poland and other European farm producers, now cut off by the war, and also from New Zealand, Australia and possibly South America, now substantially cut off from the British market due to shipping scarcity.

There are many differences of opinion on how the matter might be settled but most farm experts agree that the removal of the bars erected by Mussolini, Hitler and others, against western hemisphere wheat, would do more than anything else toward stabilizing world agriculture after the war. This would instantly ease the present pressure against grain farming and halt livestock expansion.

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Big Demand From U. S. For Oats and Barley

So Far, Shipments Across Border Have Been Exceptionally Heavy; Western Canada Wonders About Prospects For the Future

From Our Own Correspondent

WINNIPEG.—The most interesting problem of the grain market at present is the extent of its ability to absorb oats and barley. This depends mainly on the capacity of the U. S. to accept those grains from Canada during the current crop year.

So far, oats and barley have been taken as rapidly as they could be sent to the lake head, and while some has been for maltsters and for eastern Canada, the bulk of the demand has been from the U. S.

While oats and barley are not moving forward at anything like the rate at which they have been delivered to country elevators, it is characteristic that in one day recently 691 cars of coarse grains were loaded at country points against only 93 cars of wheat.

The movement of these grains into the U. S. is of a pioneering nature, opening up new channels of trade as dealers and consumers who have never before handled Canadian grains get accustomed to their use.

The U. S. had a large crop of feed grains this year, but some observers believe that it will fall short of total requirements for the year, in view of increased livestock feeding.

The natural tendency is for home supplies of feed to be used first and for outside supplies to be imported in large quantities only as these become exhausted. However, while American grain prices are to be regulated by ceilings, they are sufficiently higher than Canadian prices to make purchases in Canada attractive.

Wonder About Agreement

There is some uncertainty in grain circles as to the precise nature of the understanding between Canada and the U. S. about the movement of feed grains across the border during the year.

The agreement implied that the U. S. agreed to take all the feed grains this country could spare from production stimulated by the price guarantees given by the Canadian government.

It was thought that the price guarantees were only undertaken by the Dominion in view of such an understanding.

But, when the agreement was made, neither country contemplated such an extremely large production of grains of all kinds as there actually was in 1942 on both sides of the border.

Agricultural authorities in the U. S. are said to fear a feed grain shortage during another year and contemplate the needs of large future imports from Canada.

In view of that fact it is thought they will be favorable to encouraging the largest possible admission of Canadian feed grains during the current year, in order to encourage Canadian farmers to produce for the U. S. market next year.

DIVIDEND NOTICES

The Dominion Bank
Dividend No. 240

Notice is hereby given that a Dividend of two per cent upon the paid up Capital Stock of this Institution has been declared for the quarter ending 31st October, 1942, making a total distribution of nine and one-half per cent for the fiscal year. The Dividend will be payable at the Head Office of the Bank and its Branches on and after Monday, the second day of November, 1942, to shareholders of record of the 15th October, 1942.

By Order of the Board.
ROBERT RAE,
General Manager.
Toronto, 10th September, 1942.

The Royal Bank of Canada
DIVIDEND NO. 221

NOTICE is hereby given that a dividend of one and one half per cent (being at the rate of six per cent per annum) upon the paid-up capital stock of this bank has been declared for the current quarter and will be payable at the bank and its branches on and after Tuesday, the first day of December next, to shareholders of record at the close of business on the 31st day of October, 1942.

By order of the Board.
S. G. DOBSON,
General Manager.
Montreal, Que., October 13, 1942.

LOBLAW GROCETERIAS CO. LIMITED

NOTICE is hereby given that a quarterly dividend of 25 cents per share and a bonus of 12½ cents per share on the Class "A" shares, and a quarterly dividend of 25 cents per share and a bonus of 12½ cents per share on the Class "B" shares of the Company have been declared for the quarter ending November 30th, 1942, payable on the 1st day of December, 1942, to shareholders of record at the close of business on the 10th day of November, 1942. The transfer books will not be closed. Payment will be made in Canadian Funds.

By Order of the Board,
R. G. MEECH,
Secretary.
Toronto, October 16th, 1942.

Hollinger Consolidated Gold Mines Limited
DIVIDEND NUMBER 363

A regular dividend of 1% has been declared by the Directors on the Capital Stock of the Company, payable on the 4th day of November, 1942, to shareholders of record at the close of business on the 21st day of October, 1942.

Dated the 14th day of October, 1942.
P. C. FINLAY,
Secretary.

LEITCH GOLD MINES LIMITED
(No Personal Liability)
DIVIDEND No. 17

Notice is hereby given that a quarterly dividend of two cents per share has been declared by the Directors of this Company, payable in Canadian funds, on November 14th, 1942, to shareholders of record at close of business October 31st, 1942.

By Order of the Board.
W. W. McBrien,
Secretary-Treasurer.
October 17th, 1942.

Lower Earning Expected For Life Companies

Reduced surplus earnings of the life insurance companies from investments and excess premium loadings over expenses is one certain economic effect of the war, J. B. Maclean, vice-president of the Mutual Life of New York, stated in his presidential address at the meeting of the Actuarial Society of America in Toronto this week. The Society was meeting jointly with the American Institute of Actuaries.

Other uncertainties indicate the necessity not only of providing sufficient safety margins in premium rates and reserves out of which to build ample contingency and special reserve funds, but of conserving and supplementing existing surplus and contingency funds through a conservative dividend policy, he said.

He cited the practice in Great Britain where dividend declarations have been largely postponed or greatly reduced for the duration of the war.

He urged the adoption of a more modern mortality table than the American Experience Table which he said had served its purpose well and should now be honorably discharged.

Commodities

	Latest week	Previous week	Same week last yr.
Cattle	$10.06	$9.54	$8.75
Hogs	16.35	16.35	14.75
Copper, lb.	*.12	.12	.12
Cotton, lb.	.1966	.1955	.1693
Sugar, raw, lb.	*.0374	.0374	.0350
Wheat, Man. (bu.)	.89¾	.90⅛	.72⅛
Coffee, lb.	*.09⅝	.09⅝	.09⅝
Hides	*.15½	.15½	.15½
Weekly Indices			
U. S. Labor	99.8	99.7	91.6
Wood, Gundy	78.4	77.9	78.1
Dow Jones (fut.)	84.04	83.98	....
Fishers	106.2	106.2	96.3
Monthly Indices			
Canada (D.B.S.):			
Retail (Sept.)	117.4	117.7	114.7
W'sale (Aug.)	95.6	96.1	92.1
U. S. (July)	98.7	98.6	88.8
Gt. Brit. (Aug.)	158.6	159.8	153.2

Note:—The base of indices is that 1926 equals 100. †Base 1935-39 equals 100. The British index is Board of Trade converted to 1930 base.

Base of price quotations is as follows: Cattle — Steers, good, over 1,050 lb., top price, Toronto. Copper-electrolytic, New York. No. 7 coffee, Rio. Sugar—96 degrees centrifugal, c/f New York. Wheat—No. 1 Man. North., Ft. W.-Pt. A. basis.

*Ceiling prices fixed by the office of Price Administration.

Ingenuity Saves Huge Sums

Canadian Industries Pool Ideas for Cutting Costs

Under the guidance of H. J. Carmichael, production co-ordinator of Munitions and Supply, Canadian industry displayed last week the results of thrifty ingenuity applied to war production problems.

Estimated to be saving the Dominion an annual total of $155 millions (at current rates of production), the display at Toronto's Royal York Hotel was the curtain-raiser for a general programme to save materials, skilled labor and equipment. Attending the show, some 1,500 prime and sub-contractors were able to see how other firms had made more of their production facilities, were given a means for applying the lessons to their own plants.

In hundreds of exhibits, ranging from tiny bolts to massive castings, Canadian industry offers proof of its ability to alter designs, substitute materials and cut man and machine time without sacrificing fighting efficiency.

Dollar Savings Secondary

Typical of the shift to economy is a cotton haversack, now made out of comparatively light duck in contrast to the former heavy webbing, to save $59,000 a year. A stamped and welded instead of forged and machined pin mounting will cut $61,600 from the annual war costs. A redesigned transmitter-receiver radio for tanks saves upwards of $3 millions.

But the dollar savings, vital though they are, are a poor second to the saving in scarce production agents.

In scores of mountings, wood has been substituted for rubber, springs installed to replace rubber shock absorbers, steel and zinc used to replace brass or bronze or aluminum, plywood to replace sheet metal.

Labor and machines have been economized by switching forgings and castings for pieces formerly machined from solid bars, replacing hand labor with machine labor. In many cases performance has been improved by the new techniques.

Performance Imprvoed

The oil cooling system on the Universal Carrier, for example. Under the original design, oil was cooled by means of a copper pipe which was exposed to the air. The pipe's heat radiating powers were intensified by a series of short wire hoops (each one something like a common paper clip) which made a tight spiral along the pipe from one end to the other. The wire hoops were attached to a heavy brass wire, then the whole thing soldered on the pipe.

Under the new system, the pipe is finned (like the fins on a motorcycle engine), the pipe and its fins being turned out in one rolling operation. The new setup cuts costs to a fraction of the former level, also gives a better cooling system, since the solder in the original design tended to act as a blanket.

Then there is the $5.7 millions saving in percussion fuses achieved through substituting die-cast zinc fuse bodies for bodies machined from a solid brass bar. The first casting takes the rough shape of the finished article, demands only minor machining (screw threads) for completion. This switch saves 43.6 million pounds of brass annually, at the expense of 12.5 million pounds of zinc (costing about a third as much per pound). It saves nearly one million man-hours of labor and releases $300,000 worth of machine tools for other uses.

Now in Full Swing

Some of these substitutions date back to 1941, a few are of earlier origin. But the tide of cost cutting gained full strength the latter months of 1941 and this year. The reasons are twofold:

Until late last year, material, labor and machine scarcities were not critical — a year ago we even had rubber. Now all are dangerously short, may become more so if we do not get a good rating on U. S. shipments of steel.

Second factor is that until recently, Canadian manufacturers were forced to follow specifications to the letter. Only in exceptional cases were they allowed to alter the original designs, and then generally after prolonged delay.

Only recently did it become realized that manufacturers and designers could get a substitution or alteration authorized readily, provided it measured up to tests. Result has been to take the shackles off Canadian engineering ability, bring a flood of improved techniques.

Why did we have to wait so long before opening the doors to improvement?

There is no official answer to this important question, and the absence of explanation has some significance in itself. Traditional opposition to change on the part of some army inspectors (British and Canadian) is given part but not all of the responsibility by some production authorities. Part of the delay in utilizing our resources more effectively is blamed on the fact that few of the weapons we were called on to mass produce had ever been turned out in big volume before. In addition, many of the parts had to be hurriedly designed, sometimes in the midst of the blitz, and included some articles that were in reality bench models, quite workable in army tests overseas, but almost hopelessly expensive under mass production.

Get Things Rolling

In the early days of production it was more important to get things rolling than to wait until hundreds of vitally important, but at the time secondary, improvements could be made.

Typical of this is the tank radio referred to now being manufactured at a $3 millions saving. It was designed and put in production in Britain in a few weeks in the middle of the blitz. Various tubes and condensers were originally located in such a way that connecting wires (hence copper and rubber) were longer than necessary. At the time this was a minor consideration, now it is vitally important. Other, more complicated changes in design, are essentially based on the same simple principles.

Need for speed in getting into production and an abundance of materials probably justified adhering to rigid specifications in the first production lines. Perhaps the greatest significance of the change is that the manufacturer has been permitted, and has taken advantage of the opportunity, to apply his own ingenuity to war production in fundamentally the same manner in which he applied it to peace production. Basically, the exhibition at Toronto represents the thawing out of one of our greatest production assets—engineering skill.

Follow Through

To keep the flow of improvements going, Munitions and Supply will keep permanent exhibits at Montreal and Toronto. They will take steps to acquaint war producers all across Canada with the improvements made in other plants. They are sponsoring—not compelling—the establishment of suggestion bonus systems to garner in any ideas on simplification and substitutions that employees may get. There is a possibility of setting up some type of mobile industrial engineering service to carry the gospel of economy direct to the operating plants.

Most important at present is the presentation of the facts to industrialists—the fact that $155 millions (in labor and materials alone) is being saved annually, and the fact that the road is wide open for every war producer, large or small, to make the improvements that his own judgment indicates are sound.

At no time has there been greater need for harnessing Canadian ingenuity. The three vital factors of production, materials, equipment and labor are all perilously scarce. Every shift in materials and production methods means changes all along the line, opens new fields to the ingenuity of every producer whose work goes into the finished product.

Public Utility Earnings

MEXICAN LIGHT & POWER

July	1942 $	1941 $
Gross earnings	1,010,276	886,125
Oper. expenses	650,702	606,235
Net earnings	359,574	279,890
First Seven Months		
Gross earnings	6,580,771	5,295,833
Net earnings	2,201,230	1,071,518

Wheat Prices

Winnipeg Grain Futures

Week of Oct. 19, 1942

Crop year from Aug. 1, 1942 High	Low		High for week	Low for week	Close Oct. 19
		Wheat			
.90	.90	Oct.	.90	.90	.90
.91¼	.90⅜	Dec.	.90¾	.90⅜	.90⅝
		Oats			
.49⅛	.45½	Oct.	.47¼	.45½	.46¾
.46⅞	.45	Dec.	.45½	.45⅛	.45¼
.48¼	.45⅝	May	.46	.45⅝	.45¾
		Barley			
.61⅜	.60¼	Oct.	.60⅞	.60⅜	.60⅝
.61½	.60⅛	Dec.	.60⅜	.60⅛	.60¼
.62½	.60¾	May	.60⅞	.60¾	.60¾
		Rye			
.62¼	.52¾	Oct.	.56⅜	.55⅝	.56
.63¼	.53⅜	Dec.	.57⅛	.56	.56⅝
.64¾	.58⅛	May	.59⅜	.58⅛	.58⅝

Cash Quotations

	For Week Oct. 19 High	Low	Prev. Week High	Low
Wheat				
1 Nor.	.90⅛	.89⅜	.90⅛	.90
2 Nor.	.87	.86¼	.87	.87
3 Nor.	.85¾	.85⅛	.85⅝	.85¼
4 Nor.	.84⅝	.84⅜	.84¼	.83¾
5 Wheat	.83⅞	.83⅝	.83¾	.83½
6 Wheat	.82⅝	.82⅛	.82⅛	.82
Feed	.80⅛	.80	.80	.80
Oats:				
2 C. W.	.49⅛	.48¼	.49⅝	.49¼
3 C. W.	.45⅞	.43⅜	.46⅝	.46
Barley				
1 Feed	.56⅞	.55	.56⅞	.56⅝
2 Feed	.54⅞	.54½	.55⅝	.54⅝
Rye:				
2 C. W.	.56½	.55⅝	.57	.56

Significant Investors' Index Numbers

(Base 1935-39—100)

No. of Securities	Mach. and equip. 8	Pulp and paper 7	Milling 3	Oils 4	Textiles and clothing 10	Food and allied prod. 12	Beverages 7	Bldg. mater. 15	Power and traction 15	Banks 8	Total utilities 19	Total co's. 95
1929-41:*												
High	345.7	564.5	322.3	212.5	168.2	123.2	163.1	202.1	297.5	160.9	329.3	180.8
Low	68.5	59.8	63.4	46.5	76.0	76.9	67.0	71.2	60.3	83.6	65.2	63.9
1942: Monthly Figures:												
Jan.	74.3	71.9	74.5	45.9	112.8	88.7	99.2	75.1	64.4	91.1	70.4	66.8
Feb.	73.4	69.3	69.7	43.6	108.7	85.5	96.3	73.9	62.1	91.1	67.7	64.7
Mar.	69.7	66.1	70.9	41.2	104.3	75.8	92.8	74.0	62.0	89.4	67.5	62.3
Apr.	70.6	63.2	69.6	41.4	102.4	74.2	93.1	73.9	60.2	88.4	66.3	61.1
May	74.7	61.1	70.5	43.2	104.3	73.3	94.2	75.7	60.7	87.4	66.4	62.0
June	76.2	61.1	69.6	44.5	106.6	73.9	93.6	76.8	64.3	87.7	68.1	62.8
July	76.6	58.9	65.3	46.6	100.4	75.9	95.5	75.3	65.2	81.7	67.8	62.4
Aug.	76.0	56.0	61.2	47.5	97.7	75.3	98.3	73.1	66.9	71.9	67.8	61.6
1942: Weekly Figures:												
Sept. 3	75.8	54.7	59.7	48.4	98.3	75.2	96.9	71.8	66.1	69.8	67.3	61.3
Sept. 10	76.3	54.7	59.7	48.7	98.3	74.0	97.4	71.0	65.7	68.4	67.1	61.5
Sept. 17	77.0	54.8	61.3	49.0	100.0	73.5	98.3	71.0	67.0	69.2	68.2	62.0
Sept. 24	78.8	56.3	61.9	49.5	101.1	74.0	99.6	71.5	68.4	68.7	70.0	63.2
Oct. 1	79.3	57.7	65.1	48.7	99.6	73.3	101.6	71.4	67.1	69.6	71.4	63.6
Oct. 8	81.2	58.5	63.5	51.5	100.7	74.6	99.2	71.1	68.0	70.0	71.9	65.2
Oct. 15	80.1	58.7	65.4	50.7	99.0	73.9	101.6	71.3	69.2	70.4	72.5	65.4

*High and low for years from 1929 to 1941 inclusive are based on weekly figures issued by Dominion Bureau of Statistics. For 1929 to 1938 inclusive the base is 1926=100; for 1939 and subsequent years the base is 1935-39=100.

Toronto Stock Exchange Index

	20 Indust.	20 Golds	10 B.M.	15 W.O.
Oct. 20	88.34	50.16	61.46	15.97
Oct. 19	88.15	50.52	61.40	15.87
Oct. 17	88.24	51.67	61.77	15.89
Oct. 16	88.40	52.20	61.86	15.86
Oct. 15	88.69	53.22	62.06	15.77
Oct. 14	89.21	52.34	62.23	15.69
Month ago	84.84	60.18	59.49	15.70
Year ago	94.03	95.82	69.68	19.19
High 1942	92.50	83.71	71.01	18.86
Low 1942	79.85	50.16	58.74	15.44

Montreal Stock Exchange Averages

	10 Util.	20 Ind.	30 Cbd.	10 Pprs.	15 Golds
Oct. 20	44.3	55.4	51.7	53.64	34.92
Oct. 19	43.7	55.3	51.4	53.38	35.43
Oct. 17	43.8	56.2	52.1	55.43	35.50
Oct. 16	43.8	56.0	51.9	55.43	35.50
Oct. 15	44.0	56.1	52.1	56.16	35.44
Oct. 14	44.0	56.0	52.0	56.14	34.85
Month ago	42.9	54.6	50.7	52.00	39.94
Year ago	45.0	62.0	56.3	81.90	68.17
High 1942	44.8	60.5	54.7	77.18	64.82
Low 1942	39.6	52.5	49.2	47.96	32.47

IN MONTREAL...
The Windsor
ON DOMINION SQUARE

LAKE OF THE WOODS MILLING COMPANY, LIMITED
AND ITS WHOLLY OWNED SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEET AS AT 31st AUGUST, 1942

ASSETS

Current Assets		
Cash on Hand and in Banks (Net)	$ 83,461.44	
Investments (Market Value $14,200.00)	15,000.00	
Accounts Receivable After providing for Bad and Doubtful Debts	1,370,862.47	
Inventories Valued as follows: Grain at approximate Market Value. Flour and Feed at approximate Manufactured Cost. Bags and Materials at approximate Manufactured Cost and approximate Cost Price respectively	2,606,343.16	$4,045,667.07
Deferred Charges to Revenue		36,406.11
Sundry Investments—Grain Exchange Seat, etc.		6,332.00
Investment in Controlled Company—Allied Industry: (Held by the Trustee for the Bondholders)		611,193.87
Property Account		
Land, Water Power, Buildings, Machinery and Equipment at Cost, less depreciation applied	$6,775,444.44	
Less: Reserve for Depreciation	2,321,754.51	4,453,689.93
Goodwill		250,000.00
		$9,393,578.98

LIABILITIES

Current Liabilities			
Bank Loans secured as below and under Sections 86 and 88 of the Bank Act		$1,158,000.00	
Accounts Payable		367,473.47	
Provision for Federal, Provincial and Municipal Taxes after giving effect to a claim under Section 6 (b) of the Excess Profits Tax Act		656,507.08	$2,181,980.55
Insurance and Other Reserves			149,743.00
First Mortgage Bonds, 4½% Due 1st May, 1946. Issued and held by the Banks as collateral to Loans	$2,200,000.00		
Capital Stock			
Authorized: 200,000 Shares of No Par Value. 15,000 Shares of 7% Cumulative. Preferred Stock of $100. each.			
Issued: 147,680 Shares of No Par Value		2,953,780.00	
15,000 Shares of 7% Cumulative Preferred Stock of $100. each		1,500,000.00	4,453,780.00
Earned Surplus			2,608,075.43
Note: Your Management have decided not to take credit for the refundable portion of the Excess Profits Tax under Section 15 of the Act until such time as this amount is recovered			
			$9,393,578.98

PROFIT AND LOSS AND SURPLUS ACCOUNT FOR THE YEAR ENDED 31st AUGUST, 1942

Balance—at 31st August, 1941			$2,273,242.49
Add: Net Operating Profit for the year ended 31st August, 1942		$1,466,381.49	
Less: Interest	$118,119.81		
Depreciation—including Special Depreciation allowed on new Elevator Annexes	203,000.00		
Provision for Federal Income Taxes	601,319.02		
Directors' Fees	7,721.01		
Executive Salaries	75,778.53		
Legal Fees	849.68	1,006,788.05	
		479,593.44	
Dividends from Investment in the Controlled Company	35,991.00		
Income from Investments	1,475.30	37,466.30	517,059.74
			2,790,302.23
Deduct: Dividend on Cumulative Preferred Stock		105,000.00	
Dividend on Common Stock		177,226.80	282,226.80
Balance—at 31st August, 1942 per Consolidated Balance Sheet			$2,608,075.43

Contingent Liabilities:

Guarantee of $944,500.00 5½% Bonds of Inter City Baking Company, Limited.	
On Customers' Paper under Discount:	
Canadian and other dollar drafts	$102,139.40
United Kingdom and other Sterling Drafts	£94,708:17:3

On behalf of the Board: C. H. G. SHORT, JOHN W. HOBBS, Directors.
Montreal, 6th October, 1942.

We have examined and audited the Books and Accounts of the Lake of the Woods Milling Company, Limited and of its Wholly Owned Subsidiary Companies for the year ended 31st August, 1942.

The Investment in the Controlled Company appears in the Balance Sheet at what, in our opinion, may be considered a fair valuation. The dividends paid by this Company were less than its earnings during the period under review.

The Inventories of Stocks on Hand have been determined and certified correct by responsible Officials of the Companies, and we have satisfied ourselves that the basis of valuation is as stated.

Subject to the above remarks, we report that we have obtained all the information and explanations we have required, and that, in our opinion, the above Consolidated Balance Sheet as at 31st August, 1942, is properly drawn up so as to exhibit a true and correct view of the state of the Combined Companies' affairs, according to the best of our information and the explanations given to us and as shown by the Books of the Companies.

(Signed) RIDDELL, STEAD, GRAHAM & HUTCHISON,
Chartered Accountants, Auditors.

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Life Policy Surrenders Decline

Despite Higher Taxes Improvement Seen Over Last War

Although Canadians are paying by far the heaviest income taxes in their history, they are not giving up their life insurance to do so. Surrenders of policies for cash are showing a steady decline. (See chart, page 29.)

Because the cash value of the life insurance policy is a ready source of cash in emergency, these surrenders normally rise when business is bad, fall when business is good.

Sometimes other factors come into play such as the demand for money for speculation.

In Last 15 Years

In 1928 and 1929 policy surrenders increased substantially. In the first part of the period this expansion was due in part to people taking the cash value of their policies to buy stocks; in the later months after the stock market broke to pay margin calls on stocks or supply money for regular needs. From then on the depression deepened, policy surrenders increased reaching a high of $91.8 millions in 1933 when the pit of the depression was reached. Since then, with the exception of 1939, the year the war started, the figures have dropped steadily. In 1941 they were $43.6 millions, less than half the depression maximum. Figures for 1942 will not be available till after the end of the year. But preliminary estimates made by The Financial Post indicate a drop of about 20% from last year bringing total surrendered value to around $35 millions. In some companies the rate of decline in policy surrenders from 1941 is understood to be greater than 20% and the last three months of the year may alter the picture materially one way or the other.

The War Years

The situation as regards surrenders appears to be much more satisfactory than in the previous war.

Taking the total surrendered values of Dominion licensed companies in 1938, the last complete year of peace as 100% for the present war. On this basis the surrenders in 1941, the third year of the war, are down about 23%. the estimated figures of $35 millions for 1942 would show a decline of 38% from 1938.

In the previous war, taking the surrenders for 1913, the last complete year of peace, as 100, the surrenders in 1916, the third year of war, instead of decreasing, showed an increase of about 42% over 1913. In 1917 they showed an increase of almost 50% over the pre-war year.

In the present war the percentage of surrenders to the pre-war year is declining while in the corresponding years in the last war it showed a sharp increase. Yet in the last war, the total volume of insurance in force increased yearly to new high levels just as it has been doing in the present instance.

Several reasons are mentioned for the decline in surrenders.

One is the increased income of a large part of the population, which, in spite of increased taxes, has enabled them to maintain their insurance. In many cases, several members of a family are earning where formerly there was only one. This increase in the family resources has encouraged those with life insurance to keep it in force. A special inducement to do so exists in the case of policies issued before Sept. 3, 1939 as these contain no war clause whereas new policies all have the war clause. New policies taken out require a higher premium as age increases.

The recognition given by the government to life insurance as an approved method of saving as regards income tax has been a further incentive to people to retain their insurance as premiums on old policies can be deducted in full up to the total amount of compulsory savings allowed in any one year.

The reduction in cash surrenders is also a big factor helping the government's anti-inflation campaign. This was partly the object of the government in the last budget in making the saving of a part of the taxpayer's income compulsory. The money so saved will be diverted from competing in the purchase of goods and services needed by the government. Money paid as life insurance premiums is withdrawn from competitive spending for goods and in large measure is eventually invested in government bonds.

Drop in U. S.

Similar to the drop in cash surrenders of policies in Canada is the situation in the United States. There, cash payments on policies surrendered in 1942 are estimated as about 23% lower than in 1941 exceeding the estimated rate of decline in Canada.

It is possible the full impact of the higher tax rates in Canada has not made itself felt yet but so far no reduction in total insurance holdings has resulted although in some individual cases there has probably been some reduction.

ACTUARY

G. D. McKinney has been appointed actuary of the National Life Assurance Co. Mr. McKinney is a Fellow of the Actuarial Society and a Fellow of the American Institute of Actuaries.

Insurance Notes

James P. Dandy has been appointed assistant actuary of the Occidental Life of California. Mr. Dandy is a native of Morrisburg, Ont. He is a graduate of the University of Toronto and a Fellow of the Actuarial Society of America and a Fellow of the American Institute of Actuaries. He is a member of the Board of Governors of the Actuarial Society of America. He was formerly with the Confederation Life and since 1935 with the National Life.

• • •

A junior personal property floater policy has been introduced by some of the non-tariff insurance companies in Canada. The policy gives maximum protection of $2,000 and is sold to occupants of first and second class dwellings and apartments, where household chattels and personal property are valued at $2,000 or less. It is available only in cities and towns having full fire and police protection. The premium is $20. It is expected to meet the needs of people with lower incomes who carry fire insurance but feel unable to pay for burglary insurance.

Life Underwriters Sell Victory Loan

Although their ranks have been thinned considerably by men being drafted for military service, life insurance salesmen throughout Canada are taking an active part in the Victory loan campaign.

They have been urged by their leaders to put the sale of victory bonds ahead of everything else.

It is understood remuneration is on the same basis as formerly.

Ontario Fire Loss Up For Nine Months of 1942

A total of 3,069 fires in Ontario in the third quarter of 1942 was a decrease of 610 from the same period a year ago, according to the quarterly report of the Ontario Fire Marshal, The property loss, a little over $2 millions, was $93,073 less, but the insurance loss, $1.8 million, was $136,221 higher.

In the first nine months there were 11,362 fires in Ontario, 1,662 fewer than in the same period of 1941. The total monetary loss was up $32,501 with the insurance loss up $333,885.

Industrial Loss Up

Notwithstanding the decrease in total number of fires, there was an increase in fires in industrial plants. These numbered 319, with a monetary loss of $2 millions, of which $1.9 million was covered by insurance. These figures compare with 284 fires in the same months of 1941 and a total loss of $1.1 million and an insurance loss of $936,815.

During the nine months there were 18 convictions for arson and two for other fire crimes.

Large fires in Ontario, during the third quarter, included a shipbuilding yard at Midland, with a loss of $250,000, and a hardware store at Toronto, with a loss of $367,925.

Classifications of fires which occurred in the third quarter follow:

Classification of Property

	No. of Fires	Total Loss $	Ins. Paid $
Brick dwellings, prot.	945	62,865	58,974
Frame dwellings, prot.	770	66,851	57,504
Brick dwellings, unprot.	20	6,996	6,996
Frame dwellings, unprot.	197	43,692	33,787
Other dwellings and farm risks	374	462,537	358,371
Other 2 or 3 year risks	124	71,480	62,849
Mercantile risks—wholesale	18	382,175	382,165
Mercantile risks—retail	164	88,217	82,388
Other mercantile risks	32	6,243	6,205
Breweries and malt houses	....	......	......
Boot and shoe factories	1	11,776	11,009
Canning factories	2	72,536	70,841
Conf. and biscuit factories	2	435	435
Flour and oatmeal mills	4	7,240	7,240
Grain elevators	1	26,880	24,734
Laundries	18	9,669	7,119
Sawmills	5	2,896	2,400
Lumber mills	12	23,450	22,849
Machine shop and metal works	40	100,841	98,827
Mining risks	6	27,349	27,349
Pork packing and curing houses	2	1,555	1,303
Pulp and paper mills	2	27,967	27,967
Street car barns	....	......	......
Tanneries	....	......	......
Wood working factories	13	263,304	263,304
Woollen and knitting mills	3	14,873	8,854
All other mfg. risks	42	127,823	120,143
Other short term risks	215	89,491	63,898
Sprinklered risks	43	39,517	39,517
Total	3,055	2,038,658	1,847,028

Companies Still Sell Sabotage Insurance

Cover Supplements Government Insurance Which Gives Protection Against More Catastrophic Hazards

Persons wanting to insure their property against all risks due to war should supplement the coverage offered by the Dominion Government with that still offered by the insurance companies against sabotage or malicious damage, insurance men say.

The government plan, it is pointed out, was offered to take the place of the cover against damage from open hostilities sold by a limited number of companies in Canada up till the bombing of Pearl Harbor. Immediately after that event the companies operating in Canada and the United States, almost without exception, ceased writing that type of insurance. They continue to write insurance against sabotage or malicious damage or damage arising indirectly out of the war.

Cover Available

While the government insurance plan does not cover sabotage, a property owner can buy that type of cover from the companies.

Insurance against sabotage or damage resulting from malicious damage is given by endorsement of an ordinary fire insurance policy. It is not given as a distinct policy or contract. The main hazards are fire and explosion and the companies writing this type of insurance apparently feel they can quote a rate reasonably closely related to the risk involved. But with apparently one exception they do not feel they can quote on loss due to open hostilities with any expectation of the rate being correct.

Rhode Island's Venture

Under these circumstances Canadian insurance circles are much interested in the report of L. H. Pink superintendent of insurance in New York state dealing with the operations of the Rhode Island Insurance Co. which appears to be still writing full war damage insurance in the United States and British Columbia.

Unlike the government plan in either Canada or the United States, the Rhode Island has divided the area into three zones as follows:

1. Alaska, British Columbia and parts of Washington and Oregon west of the Cascade Mountains, counties of California bordering the sea or containing large cities.

2. Risks within 50 miles of the Atlantic and Gulf of Mexico coasts including the coastal cities of Washton, Baltimore and Philadelphia.

3. The remainder of the United States.

The rates charged in zone 3 are stated to be the same as those charged by the War Damage Corporation, the government war risk insurance body in the United States. In zones 1 and 2 the rates are stated to be considerably higher. In the opinion of Superintendent Pink the Rhode Island, which is believed the only company writing insurance of this kind in the United States, wrote its largest volume of business in Dec., 1941, and March 1942. There has been a substantial decline in its writings since the War Damage Corporation began writing in July.

Big Profit Possible

The report of the government examiner into the company's affairs says:

"It appears that war risk premiums have greatly declined in volume since July, 1942, and if this drop continues the company will have earned on Dec. 31, 1942, over 80% of the war risk premiums in force. By April 30, 1943, practically all of the war risk premiums now in force will be earned.

"Unless bombings on a large scale occur within the next four to eight months in Alaska, and in the Pacific and Atlantic coastal areas, the company should earn a profit of approximately $1,500,000 on its war risk activities. However, on the other hand, if there should be any widespread enemy attacks on our shores the result to the company may be disastrous."

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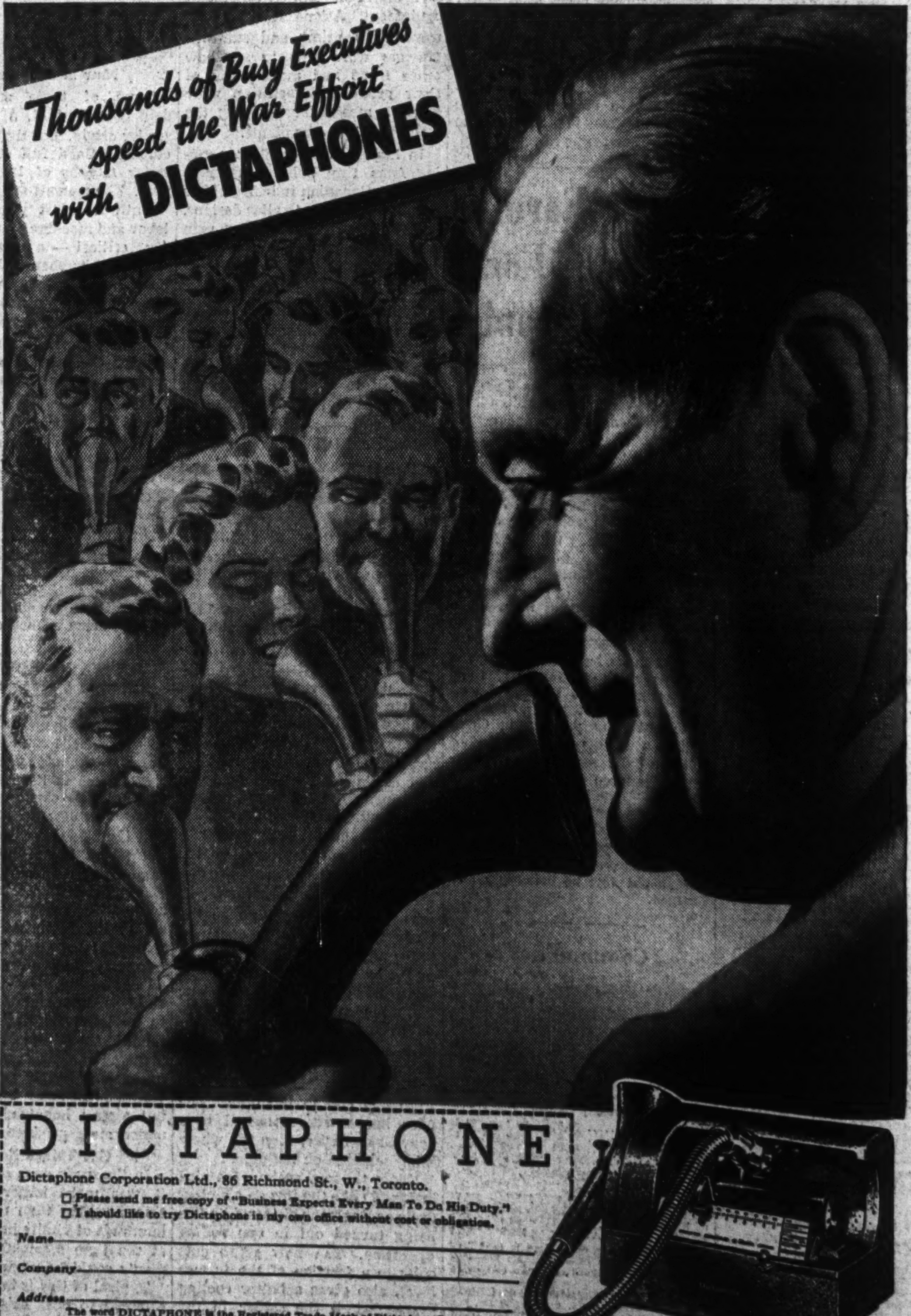

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Lower Net Profits For Banks

Increased Taxation and Higher Expenses Big Factors

Annual statements of the Canadian chartered banks which will be making their appearance soon are expected to show net profits a little lower than those of last year, The Financial Post estimates.

For many years the Imperial Bank, closing its fiscal year on Oct. 31, has been the first of the Canadian chartered banks to issue its statement. Now four banks end the year on that date, Bank of Montreal, Imperial, Dominion and Canadian Bank of Commerce.

Increased taxation appears to be the main factor affecting bank earnings in the year just closing. Added to this, certain revenues may not be as high as previously.

Factors in Earnings

Normally the revenues of the banks depend on two main factors, interest from loans and interest from investments. In recent years a third factor has been added, charges for bank services such as cashing cheques, which were formerly rendered free.

Loans, especially current commercial loans have been lower than they were a year ago. Call loans all year have been generally lower than a year ago while loans to municipalities and provincial governments have also been showing declines in most months.

Interest rates generally have been little changed, though if anything the drift has been downward. Following tables show current and call loans on Aug. 31 and a year ago.

Call and Short Loans in Canada

	August 1942 $	August 1941 $
Montreal	1,710,424	2,817,738
Nova Scotia	3,226,036	3,562,828
Toronto	898,194	1,264,380
Provinciale	2,599,748	2,607,174
Commerce	5,955,187	8,491,073
Royal	4,020,773	7,952,450
Dominion	982,756	1,559,866
Nationale	2,935,117	3,365,806
Imperial	1,721,907	3,029,589
Barclays (Can.)	163,100	174,625
	24,213,242	34,815,526

Current Loans in Canada

	August 1942 $	August 1941 $
Montreal	211,078,224	257,224,318
Nova Scotia	98,768,688	110,394,234
Toronto	54,025,749	63,619,675
Provinciale	14,123,747	13,937,692
Commerce	206,492,953	249,786,046
Royal	213,056,354	251,314,543
Dominion	64,636,873	76,446,439
Nationale	49,697,909	48,801,012
Imperial	73,225,782	77,365,437
Barclays (Can.)	3,230,041	5,106,874
	988,338,320	1,153,996,270

Investments

Investments of the banks have been increasing every month. These investments all bring in interest, but being in high-grade securities the return is not large, ranging from the fractional interest return paid on treasury notes and deposit certificates to around 3% on long term government issues. Investment income may be a little higher and revenue from services it is believed will be up a little owing to greater business activity, larger number of transfers going through and more cheques being cashed.

It would thus appear probable that gross earnings of the banks will be higher than in 1941.

Increase Expenses

Expenses will also be higher. Savings deposits, up $177 millions at the end of August, will demand heavier payments of interest. In most months the savings deposits have been above the previous year's level.

Salaries have been stabilized by government order but owing to the loss of many experienced men larger staffs have had to be employed and expenses generally are estimated to be higher.

Taxes are the big item. The last budget increased the excess profits tax to the extent that all banks except the Bank of Toronto decided to cut their dividends. Just how the new taxes will affect the banks in actual net earnings cannot be estimated at this time. But some idea may be had from the fact that total taxes paid the Dominion Government by the banks in the fiscal years ended in 1941 were $9.1 millions compared with $8 millions to both Dominion and provincial governments in 1940. The taxes payable in 1942 will be substantially higher.

Note circulation of all the banks has been dropping in recent years in accordance with banking legislation. On August 31, note circulation was down over $10 millions. When the Bank of Canada was established the note issue was largely taken over by that institution, the arrangement being that the circulation of the chartered banks, limited to an amount equal to the paid-up capital, would decline 5% in the first five years and 10% in the next five years. The first decrease occurred Jan. 31, 1936.

Loans May Increase

Banks closing their fiscal years later in the calendar year may benefit somewhat by increased demand for wheat loans and by loans to investors in Victory bonds.

Generally speaking, the conditions point to larger gross revenues for the banks for the fiscal years just closing but reduced net profits owing to the increased tax levies. Net profits, it is expected, will still show a margin over the dividends paid during the year.

Note Issue Up $7 Millions

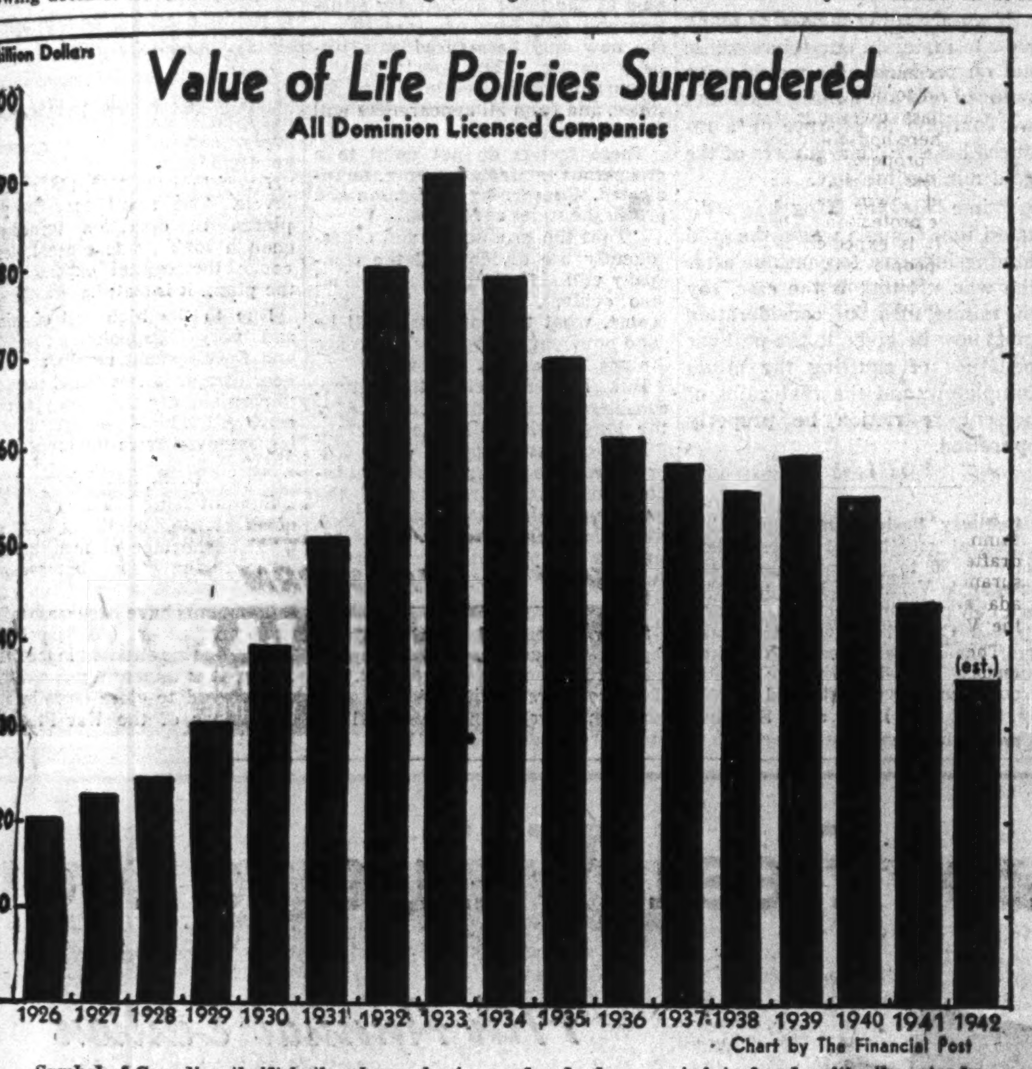
Marketing of Crop Seen Big Factor — Bank of Canada Investments Up

An increase of $7 millions in note circulation bringing the total to $642.4 millions is shown by the Bank of Canada in its statement for the week ended Oct. 14.

An increase in currency is normal at this time of year when farmers are marketing their crops, especially grain.

On the credit side, the chief changes were expansion in investments and miscellaneous assets, the latter item including cheques received but not yet cleared. The increase in investments was mainly in short term issues although long term securities were also slightly higher.

	Oct. 14 1942 $	Oct. 7 1942 $
Liabilities		
Capital paid-up	5,000,000	5,000,000
Notes in circ.	642,477,611	635,699,766
Rest fund	5,585,705	5,585,705
Deposits: Dom.	42,193,419	34,761,770
Banks	229,521,042	228,932,535
Other	13,980,949	18,467,781
Total deposits	285,695,410	282,162,086
All other	11,120,113	11,334,951
Total liabs.	949,878,839	939,782,508
Assets		
In Sterling & U. S.	798,013	822,503
Subsid. coin	101,655	127,869
Investments:		
Dom. gov. sh.	638,378,116	634,762,348
Other Dom. gov.	287,519,380	286,038,425
Total invests.	925,897,496	920,800,773
Premises	2,181,291	2,178,984
All other assets	20,900,384	15,852,379
Total assets	949,878,839	939,782,508



Symbol of Canadian thrift is the above chart of life insurance policies surrendered. High costs of living, heavy taxation, increased savings through purchases of insurance and war bonds have not interfered with the steady down trend of policies surrendered. In World War I, policy surrenders mounted sharply as living costs advanced.

New Wartime Regulations

Post Summary of Latest Rulings from Ottawa

TIMBER PRICES.—M. & S. Order T.C. 4A. Sept. 1, fixes a maximum price for crude lumber in the rough, delivered at any place in New Brunswick or Nova Scotia. Timber Con., A. S. Nicholson.

• • •

PIG IRON.—M. & S. Order F.C. 21, Sept. 22, makes it necessary to obtain a permit before purchasing pig iron. Steel Con., F. B. Kilbourn.

• • •

TIMBER OF AIRCRAFT QUALITY.—M. & S. Order T.C. 12A, Sept. 24. No person shall sell or supply any sitka spruce, Douglas fir or western hemlock timber of aircraft quality without a permit in writing. Deputy Timber Con., L. R. Andrews.

• • •

TUNGSTEN SCHEELITE ORES.—M. & S. Order M.C. 21A, Oct. 1. The maximum price per unit at which any person may sell Tungsten scheelite ore, containing not less than 60% WO3, f.o.b. Welland, Ont., shall not exceed $26.50. Metals Con., G. C. Bateman.

• • •

QUININE. M. & S. order C. C. 15, Oct. 1. No person shall use quinine in making quinine compounds except to an order signed and dated by a physician or under permit from the Controller of Chemicals. Restrictions are placed on the sale of quinine, but nothing prohibits the sale or delivery of any quinine compound which was mixed at the date of the order. Con. of Chemicals, E. T. Sterne.

• • •

WIRE NAILS. M. & S. order S. C. 23, Oct. 1, specifies the sizes and types of wire nails which may be manufactured from now on. Steel Con. F. B. Kilbourn.

• • •

COPPER BEARING PLATES.—M. & S. Order M.C. 26, Oct. 2, prohibits the production of copper bearing plates or any copper bearing sheets without a permit in writing. Metals Con., G. C. Bateman.

• • •

NON-FERROUS METAL SCRAP.—W.P.T.B. Order A-415, Oct. 5, fixes a schedule for maximum prices for non-ferrous scrap metal. Adm. of Non-Ferrous Metal (Primary), G. C. Bateman.

• • •

ROOM RENTS.—W.P.T.B. Order A-421, Oct. 5, is designed to regulate the rental charged for rooms in Halifax and surrounding centres. Landlords renting a room must file a statement showing the rental charged and the accommodation provided. This rental may or may not be allowed by a room rates committee. Rentals Adm. Owen Lobley.

• • •

SUGAR, TEA AND COFFEE RATIONING.—W.P.T.B. Order 198, Oct. 6. After Nov. 1 ration coupons numbered 1, 2, 3, 4 and 5 attached to the ration card issued under order dated June 16 shall cease to be valid for the purchase of sugar by consumers. The coupons lettered A, B, C, D and E shall cease to be valid for the purchase of tea or coffee. W.P.T.B. chairman, Donald Gordon.

• • •

BEEF.—W.P.T.B. Order 194, Oct. 6, specifies new maximum wholesale and retail prices for beef in the different zones. W.P.T.B. Chairman, Donald Gordon.

• • •

CRUSHED OYSTER SHELL.—W.P.T.B. Order A-429, Oct. 7, establishes a maximum price for crushed oyster shell sold as a poultry feed.—Seeds Adm., F. W. Presant.

• • •

CONSTRUCTION.—M. & S. Order C.C.—13, Oct. 9, lowers the value of buildings which may be put up or other construction work which may be undertaken without the authority of the Controller. Con. of Construction, C. Blake Jackson.

• • •

CUTS OF BEEF.—W.P.T.B. Order A-433, Oct. 10, sets out the maximum prices at which the different cuts of beef may be sold at wholesale during the period Oct. 13 to Dec. 23. Food Adm., J. G. Taggart.

• • •

TUNG AND OITICICA OIL. W. P. T. B. order A-437, Oct. 13. No person shall use any tung oil or oiticica oil except grade QB oiticica oil in the manufacture of any paint or varnish material, except with permission in writing. This does not apply to cases where the material is manufactured for or sold to any department of the Dominion Government, or to persons who require such paint or varnish for coating cans intended for use as food containers. Oils and Fats Adm. Phyllis G. Turner.

• • •

CLOSET SEATS. W. P. T. B. order A-442, Oct. 14. The use of pressed pulp cores is permitted in closet seats. Adm. of Heating and Plumbing, E. J. Laidlaw.

Weekly Bank Clearings

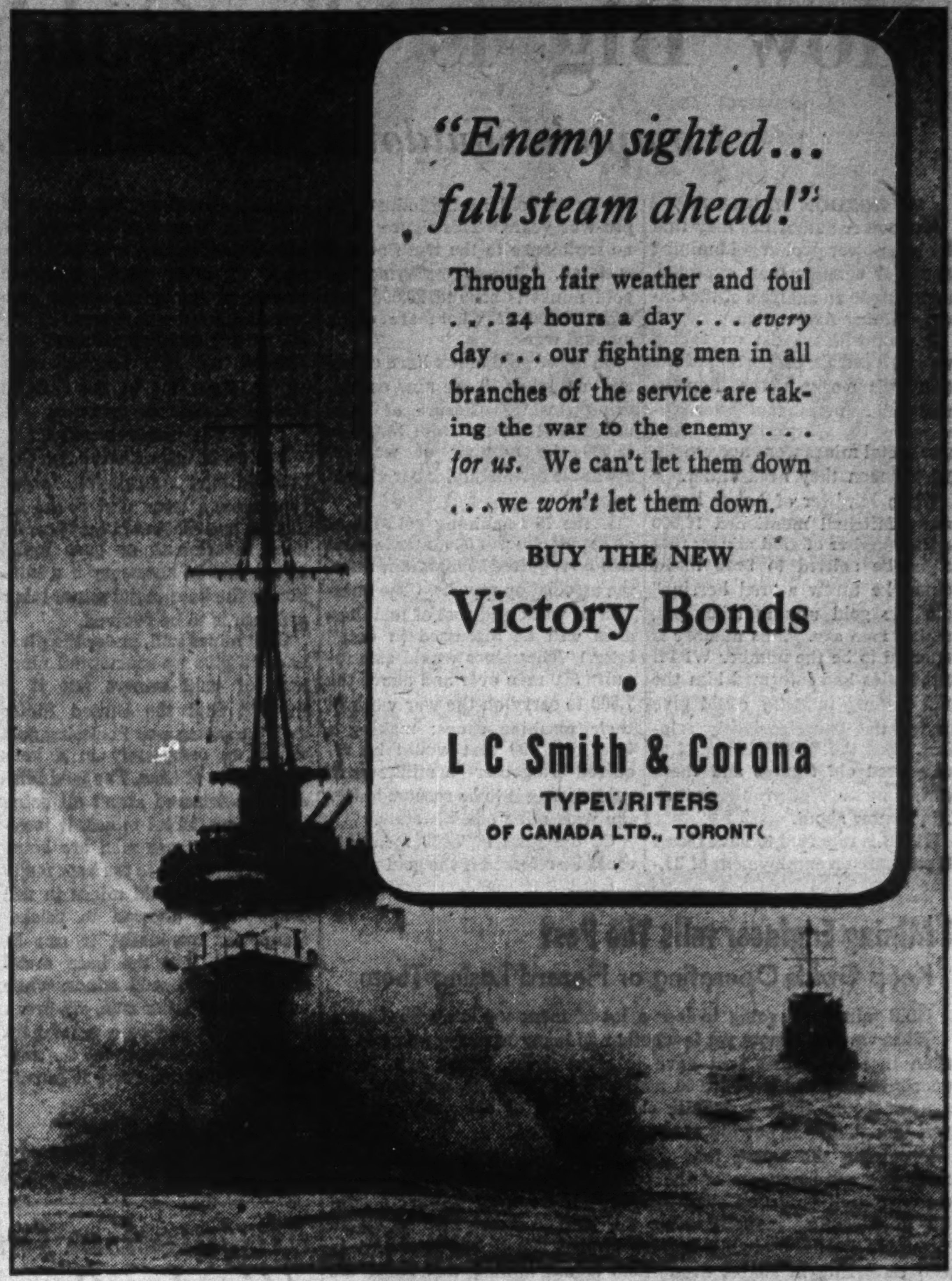
	Oct. 15 1942 $	Change Year Ago %	Oct. 8 1942 $
Halifax	3,282,145	+8.7	3,097,888
Saint John	2,303,885	+19.8	3,000,612
Moncton	958,584	+11.3	1,207,005
Sherbrooke	1,034,946	+8.0	1,318,659
Quebec	5,204,695	—2.6	5,913,554
Montreal	99,358,576	—17.6	166,519,320
Ottawa	71,505,567	+123.1	102,880,237
Kingston	686,065	—0.03	970,768
Peterborough	735,191	—6.7	990,330
Toronto	98,211,512	—24.5	145,734,720
Hamilton	5,859,727	—4.8	7,569,968
St. Catharines	1,362,563	+5.8	1,382,125
Kitchener	1,169,657	—0.1	1,306,194
Brantford	920,093	—9.7	1,219,135
London	2,294,826	—8.0	2,359,875
Chatham	645,330	+14.2	678,023
Windsor	2,742,080	+16.8	3,094,694
Sarnia	516,065	—3.8	566,314
Sudbury	1,076,719	—2.1	1,100,620
Fort William	816,816	—10.9	1,241,457
Winnipeg	43,739,628	—18.3	57,896,573
Brandon	486,675	+16.6	623,699
Regina	6,921,039	+16.2	7,106,970
Moose Jaw	968,106	+8.7	945,218
Saskatoon	1,697,451	—0.8	2,145,969
Prince Albert	515,146	+8.1	592,238
Edmonton	5,453,014	+10.3	6,530,689
Calgary	7,278,045	+11.7	7,757,228
Lethbridge	747,531	+28.4	703,834
Medicine Hat	569,765	+39.4	475,521
N. W'minster	968,775	+26.7	1,021,998
Vancouver	20,608,182	+16.1	27,544,308
Victoria	1,840,149	+1.8	2,240,936

Sun Life Appoints Assistant Treasurer

From Our Own Correspondent

MONTREAL. — E. R. Alexander has been appointed assistant treasurer of the Sun Life Assurance Co. of Canada, according to an announcement made by Arthur B. Wood, president and managing director. A graduate of McGill University and of Harvard, Mr. Alexander has been associated with the investment department of the Sun Life since December, 1925.

Bell Telephone Co. of Canada has issued a further block of 639 shares under the terms of the employees' stock purchase plan, bringing the number of shares outstanding to 840,603.



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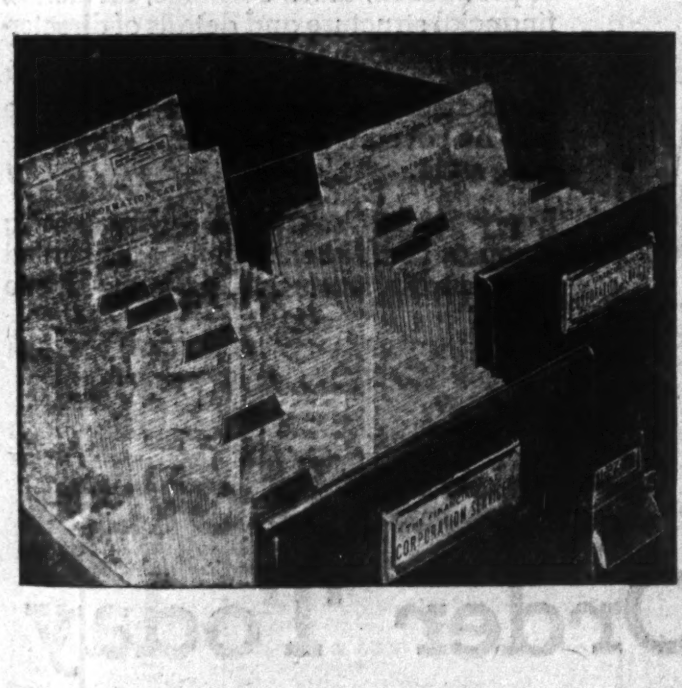

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All we have to do is to invest in this third Victory Loan to the limit of our financial resources, and what is this compared to the sacrifices of our sons?

★

Our Government now calls for $750,000,000 to carry on the war.

★

Canadians have over-subscribed four War Loans since 1939, and the Savings Deposits in the Chartered Banks of Canada are practically as high today as before the war started.

Canadians are able to over-subscribe *this* Loan.

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IMPERIAL BANK OF CANADA
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HELP THEM FIGHT!

How Big is the Gold Mining Labor Pool?

Complete Shutdown May Cost More, Yield Less Than Partial Operation

By GORDON M. GRANT

Manpower authorities may find the manpower pool in gold mining labor far smaller than expected, according to an analysis of the Ontario Mining Association.

If authorities insist on taking beyond a certain proportion of the industry's workers, the industry may well be permanently destroyed rather than just crippled. And base metal mines wont necessarily get the men they need either.

When Minister of Labor Humphrey Mitchell mentioned 10,000 as the number of gold miners that might be shifted to base metal mines, he threw a "red herring" into the gold mining labor pot, mining men say. This number is reported to be the number WPTB authorities had informed him the gold mining industry could give up without being seriously crippled. But the WPTB is stated to have used old figures and there were a number of problems they didn't know about.

WPTB is reported to have based its estimate on employment of 35,000 by the gold mining industry of pre-war years. This figure bears no semblance to the truth now, it is stated. Current employment in gold mines is around 20,000, less than 18,000 of whom are doing manual work.

So far 55 gold mines have closed and a further 20 are now considering closing. Closure of these mines will reduce from 18,000 to 15,000 the number of workers available for manual labor at gold mines.

If the 75 remaining gold mines were to close, 7,500 men would still be required to maintain them, the association reports. (The question of work and cost of maintenance will be discussed in detail later.) The mines would also require 500 men over and above the 7,500 to carry on the war work of their machine shops; making a total of 8,000 that would be required altogether—a minimum if gold mining is to be resumed after the war, mine officials state.

Of the total of 7,000 men that could be released if the gold mines were all shut down, less than half—or less than 3,500—would be able-bodied miners and drill runners. In other words, complete closure of the mines would give less than 3,500 men instead of 10,000 for a "partial curtailment" envisaged by Mr. Mitchell and others, according to the Ontario Mining Association estimate.

See Deferments Needed

In view of this situation, the Ontario Mining Association, which represents a large part of the industry, has concluded that permanent deferments at base metal mines will be necessary if a solution to the base metal mines labor problem is to be evolved.

Gold mines will, under the plan, have to give up substantial numbers of gold miners but it is thought that the United States took the wrong way in closing gold mines up completely in a very short space of time. The gold miners thus released aren't all going to the base metal mines, it is reported, and these men are being lost permanently to the base metal mines. If the gold mines in this country are allowed to release manpower gradually, it can be channelled into the base metal mines and the gold mines, while working at a lower rate, can break in new men and be a permanent reserve of manpower for the base metal mining industry, it is suggested.

Could Ruin Industry

It may appear that 7,500 is a high number of men to maintain the gold mining industry on a shut-down basis if that should be forced.

Take a mine like Hollinger. A great many men are required to keep the timber in shape alone at this mine with its 100 miles of workings. If the mine were allowed to flood, the sand backfill—used to fill old stopes and levels—would come down into the working levels. Digging out working levels alone would be a herculean task after the war. It might be just like opening up a new mine. Whole sections would probably have to be abandoned permanently. Maintaining workings at Hollinger would mean a cost of $1.7 millions a year. Most of Canada's gold mines are sand-filled and face the same problems as Hollinger.

Rock Pressure Important

Rock pressure is another important reason why mines have to be kept in shape. Lake Shore would lose a tremendous amount of ore through rock movements and gradual collapse of certain sections of workings without a crew working steadily.

Open mines—those which don't use backfill—have to be maintained too. Rock slides that are not taken care of will mean heavy dilution of any ore lying in stopes, may remove it from the ore category.

To maintain all Canada's gold mines in a shut-down condition would cost some $25 millions a year, it is estimated. Many mines would not be able to take care of the great shut-down expenses for an extended period. Three or four years would eat up all the working capital of most gold mines.

Situation Different Here

It is pointed out that the situation in gold mining is very different in Canada from that in the United States. In Canada gold production is 10 times per capita what it is in the United States.

Suspension of gold production in the United States was largely in heavily populated areas like California where people could be quickly absorbed into other industries. In Canada's northland, gold mining is the sole support of gold mining areas and the situation is in no way analogous to that in the United States. A complete collapse of northland settlements is envisaged should a suspension of gold production be forced.

Generally speaking, Canada's gold mines are "top heavy." with older men. The percentage of surface crews that can go underground is very limited. While the total role of mine labor hasn't dropped substantially, the proportion of physically fit men has. Old men are beginning to form a large proportion of crews.

While the mining industry realizes that more men must be given up, there is the distinct feeling that demands should be definitely related with the power to surrender manpower.

If we are going to need as many men to maintain our mines while not on production as we do on a reduced operating basis, shouldn't we continue to produce on a reduced basis is the argument of the gold mining industry.

Prime Minister King has indicated that Canada wants the gold mining industry to continue after the war. If that is the case, say the mining men, full consideration must now be given to the postwar penalties of shutting the mines completely and the real gains of present restriction be properly appraised.

A Mining President tells The Post

Survey Gold Mines Labor, Plan Manpower Switch

In my opinion, the present situation calls for a thorough analysis by the government in co-operation with the industry. A representative body should be formed by the gold mining industry to work hand in hand with National Selective Service in releasing manpower.

After the manpower that can be safely taken has been diverted, the gold mines should co-operate with National Selective Service in utilizing resources of local labor such as miners' wives, farm laborers not working in the winter, etc. Women can definitely be utilized above ground and I believe they would prove more satisfactory on the picking belts—for sorting out waste—than men.

Real co-operation between the gold mining industry and the Dominion authorities is a first necessity. Gold mines must realize they are going to have to give up further men, and the Dominion Government must realize that if excessive demands are made the gold mining industry will be jeopardized.

My suggestion, as previously mentioned, is that a national committee representative of the mining industry be appointed by Ottawa with authority to act. Representation should be by provinces on the basis of mill tonnage. Engineers could be sent into marginal properties by such a committee to see just what manpower could be spared and to suggest what special consideration should be given to keep a mine on a minimum operating basis.

It would be the object of this committee to see that required manpower is given up with a minimum of dislocation to industry.

A Mining Engineer tells The Post

Keep Golds Operating or Hazard Losing Them

Gold mines are going to lose a lot of men; we know that now. What we don't know yet is whether so many men are going to be taken that the mines will have to close down. There have been reports that upwards of 10,000 men will be taken. In my view this number would force a definite closing down of our gold industry even though this is not the announced intention.

Assuming the worst, that gold mines will be forced to close, manpower requirements of the gold mining industry may not be so substantially reduced even then—not if we want to have a sizeable gold mining industry after the war. A mine like McIntyre Porcupine would probably require around 200 to 300 men just to keep timbering in shape, even if no actual mining was going on. If the timbering was not kept in shape the whole mine might have to be abandoned. The same situation holds at our other large and deep gold mines.

If you close down the gold mines, it would take at best a year or two years to put any number back in shape after the war. That is placing the best interpretation on rehabilitation possibilities. Ore left in stopes will "freeze" back into rock and will have to be blasted out all over again.

Isn't it better to maintain gold mines with minimum operating crews rather than take a chance on losing them forever?

Ottawa to Up Output In B. C. Copper Mines

Expect New Plan Will Permit Higher Wages For Miners, Enabling Companies to Compete More Successfully For Manpower;

From Our Own Correspondent

VANCOUVER. — The Canadian Government has taken over all copper production of Britannia Mining & Smelting Co. and Granby Mining, Smelting & Power Co. under a plan designed to increase output in the two big British Columbia mines.

The government will pay for the copper on a cost-plus basis and it is expected that this arrangement will enable the companies to pay higher wages.

This concession, in turn, will make it possible for Britannia and Granby to compete more successfully in the labor market, in the face of the allurements of high wages in the coast shipyards and other war industries.

Acute Labor Shortage

The labor situation in both Britannia and Granby has been deteriorating all year and recently reached such an acute stage that production might have had to be discontinued entirely. Britannia, for instance, has only 2,200 men on its payroll at present, while to maintain normal production at least 4,600 men would be required.

The situation at Granby has been better but it is by no means satisfactory, with less than 700 men on the payroll—short 145 men required for normal production. Base wage for miners at Britannia has been $5 a shift, compared with $7 and more in the shipyards. The gold mines have been paying higher wages than the copper mines.

It is claimed that an addition of 525 men would increase copper production in B. C. by 2.1 million pounds per month. The mines are now producing about 3.5 million pounds.

Absenteeism Important Factor Affecting Output of Our Mines

Absenteeism and lack of a sufficient incentive for hard work are reported as two important factors affecting the level of production in both base metal and gold mines. So far it has been found impossible to mitigate the serious effects of the tendency toward lower efficiency on the part of mining labor, but ways and means of bettering the situation are now being canvassed.

One well-run base metal mining enterprise is reported to have absenteeism running as high as 10 to 14% a day. Other base metal mines are reported to be in much the same position, although details are not available. If absenteeism can be cured it might be equivalent to giving base metal mining generally an extra 3,000 workers, it is indicated.

Might Make Appeal

To secure a better efficiency for labor in base metal mines, the idea is being entertained of making a patriotic appeal to the men, telling them that base metal production is just as important as fighting in the front lines and that nothing but an all-out effort is really good enough. At present some men may like to take a day off and work around home occasionally. Much of the absenteeism occurs after pay day.

It is recalled that in the last war men were called home from the front so they could return to their jobs with the nickel industry in England. It is also recalled how Lord Kitchener wrote Canada concerning the importance of having an all-out effort by the miners in the nickel industry at that time.

Would Solve Other Things

If a satisfactory solution can be found to the problem of absenteeism and the low efficiency of workers, a number of problems might be solved, it is suggested. The shortage of labor in the base metal mining industry might work itself out in large degree. If the labor shortage situation is partly solved with men at present available, the housing problem in such places as Sudbury might also be taken care of if further miners didn't have to be brought in in large numbers.

Solution of the twin problems might make metal mining more attractive to labor generally. This would be of great assistance in channelling workers in that direction, it is stated.

Sudbury Basin Mines has called a special meeting of shareholders for Oct. 30 to approve sale of the company's Vermilion Lake property to a new company known as Ontario Pyrites Co. which will also take over the former Treadwell Yukon property held by Ontario Pyrites Ltd., a company controlled jointly by Ventures Ltd., and Sudbury Basin Mines.

Future Vague Dome Reports

War Conditions Place Many Problems in Way of Regular Mining

That the immediate future for Dome Mines and gold mining generally holds many uncertainties, but that shareholders should keep long-term considerations in mind, is the message General Manager J. H. Stovel forwards along with current dividend cheques to Dome shareholders.

Mr. Stovel points out the seriousness of the labor and supply situation and tells how many materials can now only be secured on a priority rating. The priority rating given gold mines has been low, he states, and from all appearances will go still lower.

These factors do not point to a prosperous immediate future, he indicated. Concerning production and profits, he states as follows:

"That the production and consequently the dividend of the company will suffer a further cut is all too evident. How soon this will come, what the new basis will be and how long the basis will last are things that cannot be foretold."

But, in considering the future, consideration should be tempered by the longer viewpoint, he suggests.

Nothing has happened to modify or destroy the favorable physical indications of the property and the management believes that after the war gold mining will once more assume the important place it previously held.

Sullivan Consolidated Gold Mines reports production of $396,491 for the three months ended Sept. 30, 1942, compared with $432,703 the preceding three months and $341,327 the third quarter of 1941.

Bralorne Works On War Metals

Operations at Main Mine Somewhat Reduced — Mercury Interests

While its gold mining operations had to be somewhat curtailed in the September quarter due to labor shortage, Bralorne Mines is continuing an active search for war metals.

Many properties have been examined in recent months, it is reported, and preliminary work has been done on several. At least one mercury property has given encouragement to justify considerable development.

Development Satisfactory

The results of development work at the Bralorne mine in the September quarter are stated to have been "very satisfactory" as extremely good grade ore was opened up in the "77 vein" on the 15th, 16th and 19th levels. The small tungsten plant placed in operation turned out enough high grade concentrates to cover the capital expenditure of the plant, it is stated.

Due to the high cost of mining and very disappointing operating and development results at Buccaneer Mines, it was found necessary to permanently close down the property. All salvable equipment is being removed from the property.

U. S. Subsidiary

Summit King Mines, a subsidiary of Bralorne, continues to suffer from a shortage of men, the Bralorne report states, but had been able to operate at a profit up to Oct. 9. Payments have been made to Bralorne on its loan. (As Summit King is a gold mine situated in the United States, it is apparently one of those now forced to close down by a recent order of the War Production Board.)

B.C. Gold Men See Drop in Output

Expect Gradual Decline in Operations, More Closedowns

From Our Own Correspondent

VANCOUVER. — A majority of gold mine executives in British Columbia say they see no alternative to a gradual decline in operations and possibly additional shutdowns in the near future.

Production of gold is already down about 25% and Dr. John F. Walker, deputy minister of mines, says the slump will probably be about 30% by the end of the year.

It begins to look as though the only gold mines that might be spared in any arbitrary shutdown order, such as the United States has had, are those that produce some other metals, such as Bralorne with its scheelite.

Gold has been the producer of $380 millions in wealth in British Columbia since the rich placer creeks of the Cariboo established the industry in the late 50's, but Dr. Walker believes that it will follow the same trend in this war as it did in the last. In 1914 the value of B. C. gold production was $5.6 millions. By 1917 it was down to $2.8. Last year it was up to $23 millions.

"A 50% drop in gold production would be a big item in British Columbia now," says Dr. Walker. "It would represent a loss of nearly $12 millions."

Streamlining Business To Meet Needs of War

Experts Give Views as to How Advertising, Sales Promotion and Merchandise Planning Can Serve Best in Present Emergency

Ways in which advertising, sales promotion and merchandise planning can be geared to present-day conditions are discussed by Robert F. Chisholm, of the Wartime Prices and Trade Board, and Walter A. Thompson, head of the department of business administration of the University of Western Ontario, in Western's Quarterly Review of Commerce.

Here are some of the views they express:

The chief function of advertising is "to make the consumer a more efficient buyer," now as in peacetime.

Advertisers can design copy to support the war effort, to build goodwill, and to stress the "repair age." Along the lines of making the consumer a more intelligent spender, buyers can be told why certain materials are changed and the facts about the substitute used. The advertiser who does this job is selling satisfaction in use and establishing a basis on which he can expect repeat purchases.

No High-pressuring

Advertisers should not attempt to encourage unnecessary buying. If they are well informed, their story will be factual, guiding the consumer in buying suitable goods. The authors emphasize that "no advertiser should encourage sales by suggesting that his offering is the last available for the duration.."

Advertising can pinch-hit for a salesman in the armed services or at work in a munition factory, and can conserve gasoline in salesmen's cars.

Salesman Gets New Job

The job of sales promotion has been altered by war, the authors hold. The salesman's peacetime job of fitting the right product to the right use at the proper time is not easy now.

Today, however, he can promote fair distribution among purchasers and do much to prevent pyramiding of orders. He can give authentic information on government controls and assist the customer in operating his business on a legal basis. A new function for a good salesman is that of going after the government contracts which may be the means of keeping his employer in business.

The sales department can still aid in deciding what should be made, through its knowledge of what the buyer really needs. A combination of production and sales effort can help achieve production of articles using minimum material and manpower and giving maximum consumer satisfaction.

"Marketing machinery," says the article in the Quarterly Review of Commerce, "still has a job and a duty." The present situation is called a challenge to marketing machinery of industry and the ingenuity of enterprising executives, and it is stated that current liabilities can be turned into assets which will aid the war effort and the adjustments peace will bring.

Company Report

Canadian Collieries

Canadian Collieries (Dunsmuir) Ltd. reports a substantial gain in earnings for the year ended June 30, 1942, largely due to non-recurring profit. After depreciation at a higher rate and other charges, final net earnings are sufficient to pay 5% on the A debenture stock and 1½% on the B debenture stock, the latter being the first payment to be made on the B stock.

The board has decided to utilize $300,000 in purchase by tender of A income debenture stock.

A little over a year ago the company's output was declining, states J. A. Boyd, president. Sales of bunker coal dropped to practically nothing. Nos. 5 and 8 mines, Comox, were being operated alternately, due to lack of orders, and the company had over 40,000 tons of small coal on the ground. Since then the fuel oil shortage has become acute, causing conversions of many installations from oil to coal, general tempo of industrial activity has increased, and there is a market for all the coal the company can produce. The two Comox mines are being operated simultaneously and accumulations of small coal has been sold at satisfactory prices. It is hoped improved conditions will continue, but not expected that they will continue at the same levels as last year.

The seams of free-burning domestic coal on Vancouver Island are exhausted with the exception of a small pocket with a limited life. To meet this situation the company acquired the properties of McLeod River Hard Coal Co. at Mercoal, Alta., in Sept., 1941. A wholly owned subsidiary, McLeod River Hard Coal Co. (1941) was formed to acquire and operate these properties, which produce a good grade of coal. Practically the entire output of this subsidiary has been directed to the Pacific Coast. This property is being improved.

Mr. Boyd refers to the difficulty of securing enough workers to keep its mines operating. He hopes further losses will be prevented by new National Selective Service regulations, but points out that this will not replace those already lost.

Income and Surplus Account
Years Ended June 30

	1942	1941
	$	$
Operating profit	261,637	217,393
Add: Special profit ..	*279,342	......
Interest earned	40,917	42,276
Subsid. income	1,267	1,922
Total earnings	583,163	261,591
Less: Exec. remun. ..	33,000	33,000
Pres. & dirs. fees ..	14,500	14,500
Legal fees	8,304	3,913
Depreciation	275,284	175,295
Income & E. P. tax.	35,073	......
Surplus for year	217,001	33,882
Add: Prev. surplus ..	33,882	35,639
Less: A deb. stk. int. ..	16,941	17,820
A deb. stk. red.	16,941	17,819
Earned surplus fwd. .	217,001	33,882

*Profit from operations not expected to continue after June, 1943, and from liquidation of inventories accumulated in prior years.

Working Capital

	$	$
Current assets	2,187,487	1,720,784
Current liabilities	365,,371	176,859
Working capital	1,822,116	1,543,925

Balance Sheet Changes

	$	$
Cash	257,498	93,276
Investments	*1,138,941	1,021,351
Accts. receivable	534,289	310,779
Inventories	256,659	295,378
A inc. deb. stk.	756,227	784,682
B inc. deb. stk.	2,324,218	2,340,711
Fixed assets	13,009,429	12,870,109
Less: Depreciation	6,816,581	6,542,853

*Includes $200,000 cash on deposit in London, Eng.

Clifton Consolidated Mines reports control has been secured of the Alexo Mining Co. property about 150 miles north of Sudbury. In a letter to shareholders, President S. C. McLaughlin states directors are now taking steps to have the necessary mining plant and equipment moved to the property. Diamond drilling is said to have indicated 500,000 tons of ore to a depth of 300 ft. with further indications of ore to still greater depth. There are reported to be 10,000 tons of ore ready for shipment, grading 4.5%

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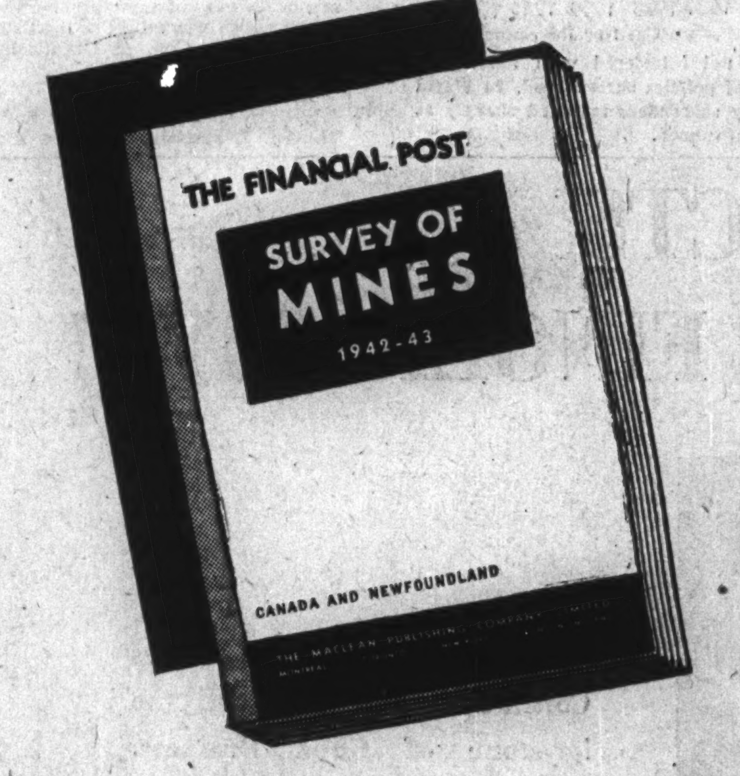

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U.S. Cash For Marginal Mines

Fund of $10 Millions For Base Metals Here

By STAFF WRITER

OTTAWA.—A fund of $10 millions has been made available by the United States for bringing into production in Canada marginal and sub-marginal mining properties which could not otherwise be operated at prevailing metal prices.

Provided under an agreement between the U. S. and Canadian authorities, the fund is intended primarily for non-ferrous metals, of which the U. S. is short, but may be extended to cover strategic minerals which are also scarce.

Several Deals Closed

Several deals have already been completed which will increase the supply of copper and zinc, and others are under consideration. Each project must be recommended by the Metals Controller of Canada and approved by the Metals Reserve Co. in Washington. This company, a U.S. government agency, was organized to increase domestic mineral production and acquire stocks of metals and minerals required for the war programme of the United Nations.

The agreement does not contemplate the provision of money for prospecting or the development of properties in the initial stages, but is to provide capital to put into production known properties where the indications justify the expenditure.

When a programme has been agreed on by the Metals Controller and Metals Reserve Co., the office of the Metals Controller in Ottawa supervises all arrangements for the undertaking.

Owner Gets Royalty

The requirements of the individual property will govern the financial arrangements. Where the capital is advanced from this fund, the property will be operated at cost, which will include a royalty to the owner as compensation for his mineral rights.

Provision is made for an allowance per pound of metal produced, which will be used to amortize the capital expenditures, and these amortization payments will be credited to the original fund.

If the amortization credits are sufficient to liquidate the capital advances, the assets created by this capital advance will be transferred to the property owner. If, however, the contract should be cancelled or the war should cease, the physical assets created by the advance may be sold to liquidate the unamortized balance. The property owner would have the first right to purchase these assets and the price and condition of sale would be at the discretion of the Canadian Government.

Weigh Cases Carefully

"In evaluating the merits of properties which may come within the scope of the plan," Metals Controller G. C. Bateman states, "the public should realize that first consideration must be given to manpower and material requirements for any mining operation. It is possible that, in some instances, the manpower involved and the consumption of critical materials are more important in themselves than the value of the production available,, but each case will be weighed carefully and considered on its merits."

The War Metals Advisory Committee, with offices in the Atlas Bldg., Toronto, is acting with the Metals Controller to obtain information on interesting properties.

More Women Take Jobs In Mining Industry

With special empowering legislation passed to facilitate the new trend, Canada is rapidly undertaking employment of women at base metal mines.

International Nickel, Hudson Bay Mining & Smelting Co. and Consolidated Smelters are the chief base metal mining operations in this country to turn to women as a partial solution to the labor shortage. A special order-in-council passed by the Dominion Government allows employment of women at International Nickel Co. and in Manitoba the government changed its legislation to allow Hudson Bay M. & S. to employ women above ground.

Women Stated Satisfactory

Unofficial reports are to the effect that International Nickel Co. has been finding women satisfactory in its operations. They are to work at both Sudbury and Port Colborne. So far no mining company has taken any women underground but they are being employed on surface to oil machinery, in the mills and for light work generally. In the United States it has been found that women can be used satisfactorily on the sorting belt for eliminating waste rock from ore.

In Ontario, International Nickel Co. is the only mine which can employ women except in a technical, domestic or clerical capacity and a further order-in-council of the Dominion Government or a change in Ontario regulations will be necessary for more general employment of women. Some such change is stated to be likely shortly.

The change in the Manitoba legislation means that any mine in the province can employ women above ground. Phrasing of the enabling legislation is as follows:

"During the present conflict and for a period not exceeding six months after the cessation of hostilities, any owner or operator of a mine or metallurgical works may make application to the Director of Mines for permission to employ female persons about the surface of any mine or in any metallurgical works. Such permission may be granted on such terms and conditions as the director may deem advisable, and permission so granted or any term or conditions thereof may be cancelled or altered by the director at any time on such grounds as he considers advisable."

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Mining Concentrates

Berens River Mines is planning installation of flotation equipment for recovery of zinc in its silver-lead concentrates. A potential output of about 10 tons of zinc per day is expected from present ore production. Most of the equipment for the addition is delivered or on order.

• • •

Bralorne Mines has had restrictions on employment of new miners modified as the company is a producer of a badly-needed war metal, tungsten. The mine is reported able to hire replacements.

• • •

Bobjo Mines suspended drilling its first well at a depth of 3,344 ft. and is waiting for heavier drilling equipment. It is understood that a second well will be drilled in the Moose Mountain area of its oil concession in Saskatchewan.

• • •

Goodrock Gold Mines has received information from its Gordon Lake property that its mill building is nearly completed and installation of equipment is proceeding. Ore will be hauled by dog team from the site of the open cut workings to the mill, it is stated. The open cut—about a mile from the mill—will be used to provide mill feed until underground workings are prepared. Work in the open pit is reported to have shown a higher grade of scheelite than previously indicated by test pits.

• • •

Hollinger Consolidated has completed arrangements for placing the old Kamiskotia copper property, controlled by Hollinger, in production as a war measure. Construction of a road 20 miles into the property has been started. General Manager John Knox announces a concentrator of at least 500 tons daily capacity will be erected. The deposit will be worked by open pit with electrical shovels used to load broken ore. A line to transmit electrical power to the scene of operations will have to be built. Concentrates will be shipped for refining. Ore is marginal in character.

• • •

Hedley Mascot Mines has declared a quarterly dividend of 2 cents a share, payable Nov. 16, 1942, to shareholders of record Oct. 22.

• • •

Preston East Dome Mines reports an operating profit of $240,999 for the three months ended Sept. 30, 1942, compared with $360,494 the preceding quarter. Total recovery showed a reduction at $676,369 for the third quarter against $780,219 the preceding quarter—tonnage milled amounted to 80,915 tons the September quarter against 86,274 tons the quarter previous.

Mining INVESTMENTS

Stability for golds—some golds—may result from the announcement of Prime Minister Mackenzie King that mines producing "considerable amounts" of needed base and strategic minerals are not likely to be affected by the manpower shift.

That this policy is already in effect is indicated from British Columbia reports that gold mines with a base metal by-product are being allowed to hire the men they need. Bralorne, a producer of tungsten, is included in this list.

Apparently the tungsten content of Bralorne runs considerably higher than at most Canadian gold mines. A tungsten plant installed during the summer paid for itself in the first three months it operated, the company reports.

A number of other B.C. gold producers, such as Surf Inlet, are mentioned as likely to benefit by the new ruling.

• • •

Eastern Canada has now a large number of gold producers turning out tungsten and still others have been planning its recovery. These mines were reviewed recently in The Financial Post. Hollinger Consolidated, with a 120-ton mill, has been a leader in the movement. Preston East Dome, Aunor, Delnite are others in the Porcupine area which turn out the mineral.

Little Long Lac Gold Mines and MacLeod Cockshutt Gold Mines have tungsten in the Little Long Lac area and the former has already taken steps for its recovery. McKenzie Red Lake has been stock piling scheelite in the Red Lake area, awaiting completion of a tungsten recovery unit.

In Quebec, Siscoe, Sullivan and a number of other mines in the general Siscoe-Lamaque area are understood to be turning out tungsten and may be in a "preferred" labor category. In Manitoba, Berens River Mines intends to add zinc to its production of gold.

• • •

Canada's Metals Controller—speaking prior to Prime Minister King's statement on reduction of gold mining—declared that while there is no thought of taking such drastic action as that taken by the United States in closing down gold mining, there was bound to be a continuing reduction and it was quite possible that not a single gold mine would be producing in Canada if the war should continue for another two years.

From this statement, it appears that the outlook for the average Canadian mine without an important base metal by-product may indeed be a bleak one.

• • •

Dome's new find of molybdenum in Preissac Township, Que., north of Cadillac, may result in a substantial increase in Canada's production of molybdenum, a metal which ranks along with tungsten in strategic importance.

Work so far carried out has indicated a zone 400 ft. in length averaging .92% molybdenum across an average width of 30 ft. This seems to be the best molybdenum find of the war. Underground work is to be proceeded with, and early production is being gone into.

A greater output of molybdenum would increase Canada's ability to turn out the high grade armor plates and would also aid in eliminating the "tungsten bottleneck." Molybdenum is now used widely as a substitute for tungsten.

Ready to Drill Kinsella Area

Gas-bearing Structure Stated to Show Indications of Oil

From Our Own Correspondent

WINNIPEG. — Latest field in Alberta to be drilled for oil is the Kinsella district, already proven as a gas field. Its gas wells have given indication of oil bearing structures.

The development is sponsored by Ralph M. Smith Investments of Calgary, and the associated companies of Clifton C. Cross. Financial arrangements have been approved by Public Utilities Board of Alberta and the Security commissions of Manitoba, Ontario and Quebec.

General Petroleum (Kinsella) Ltd. is the name of the company holding 25,000 acres of leases in the Kinsella field and the contract for the actual drilling has been let to General Petroleums. Three wells form the initial programme. The site for the first one has been selected. The drilling contract calls for wells of 2,600 ft. depth or ten feet into the lime, with 500 feet of coring for each well, two drill-stem tests per well and one electro-log per well. The drilling will be done with a truck-mounted rig, the depth being well within the capacity of this special rig.

The drilling is being financed through the issue of 50 net preferred royalties, each royalty also receiving 4,000 shares of stock in the company. The royalty cost must be returned out of production before profits accrue to any other interest.

The syndicate originally owning the leases has already carried out exploration work. This syndicate is headed by Ralph Smith of Smith Investments, president of General Petroleums. Also in the syndicate are Clifton C. Cross of Calgary, E. B. McLaughlin manager of the C. C. Cross offices in Winnipeg, and a number of others connected with the oil development in Turner Valley and other Alberta fields. The field has been geologized by Stanley E. Slipper.

The Week in Oils

From Our Own Correspondent

CALGARY.—The gasoline ration unit from coast-to-coast was reduced this week, reflecting a shortage that is nation-wide, not even excepting Alberta, location of Turner Valley and several minor oilfields.

Why the shortage of oil in Alberta? Military requirements, particularly for the Alaska highway project and for aviation gasoline, are consuming an even larger share of the Alberta oil output. This fall the heaviest Prairie crop in many years is being harvested, with a drain on oil stocks of many hundreds of thousands of barrels.

Alberta stocks of crude oil and refined products have plunged to a low level.

• • •

Turner Dropping Now

At the moment, there is no guarantee that even the most vital oil needs can be met this winter from Alberta production. Turner Valley—source of 98% of the output—shows a falling off in rate of development. Turner Valley wells, which climbed to a peak of 28,289 bbls. per day in February, have been slowly but steadily declining. During the last week in September, output was down to 24,949 bbls. per day.

During the first week of October it dropped further to 24,128 bbls. daily. The second week of October it jumped to 26,194 bbls. daily, due principally to the fact that a number of wells which are produced a few days out of the month to obtain their monthly quota were operated that week. A decline in output will follow their closing in again.

Has Turner Valley passed its productive peak? The answer to this question is of vital importance. Let's examine the field, and try to find the answer.

• • •

Southwest Flank

The western and eastern limits of Turner Valley oil production have been determined, but the southern limit has yet to be determined. Northwest-Hudson Bay 8, just completed and now on test with production assured, has extended the proved area quarter of a mile farther south, to within quarter of a mile of the suspended Brown 6 and Grewer 1 wells. It is now reasonably certain that at least two more wells can be drilled in the Northwest Co.'s Section 8, adjoining the new completion, and there are reasonable grounds for hope of successful completion at Brown 6 and Grewer 1.

• • •

Central Flank Sites

This area has been only about 50% developed. Still to be drilled are 30-35 sites owned by "independent" operators, and 15-20 sites owned by the Imperial Oil group. While a number of good producers have been completed here, the average recovery has been somewhat less than on the southwest flank and the north extension. This fact, coupled with the current somewhat "under the competitive value" price for crude, the high cost of drilling, and the high tax burden borne by income from oilwells, has slowed development on the central flank.

The Northwest Flank

This area contains 25-30 drill-sites as yet undeveloped, of which 10 are held by Home Oil Co. and the balance by the Imperial Oil. It is probable that the same conditions apparent on the central flank apply to the northwest flank. At present, Royalite-Lowery 1 is being drilled at a strategic site on the centre of this flank, and Royalite 67 is soon to get under way. Results obtained at these tests, plus such action as may be taken by government bodies to make development more attractive, will determine the rapidity with which Imperial and Home drill out this area.

• • •

Northwest Flank

Fourteen wells are currently drilling in this comparatively new and productive area, but not more than half a dozen sites remain to be drilled within the currently proved limits. There are still two great "unknowns" in this area. First, the length and breadth of the productive limestone found at Major 9, east of the structural crest. Second, the water level to the west and north of the current producing limits.

Data on the first unknown is looked for from the Northend 1 and 2 wells, now at considerable depth at locations down dip from Major 9 and east of the structural crest. Data on the second unknown is looked for from Northclonmel 1, now drilling at a deep west flank site. If successfully completed, these wells would open up a considerable number of new sites for development, east, west and north of current proved limits. The bulk of such new sites would be on acreage held by Imperial and Home. Some independents hold acreage in the area.

Devonian

Long "the great unknown" about Turner Valley has been the Devonian Limestone, believed to underlie the Madison limestone body from which the field is now producing. Eleven companies, headed by Imperial Oil with a contribution of $135,000 and a drill-site, have subscribed $250,000, and are now preparing to drill Devonian Test No. 1, through the Madison lime in search of Devonian production at 10,000 ft. or more. If the Devonian proves productive, a new era will open for Turner Valley.

• • •

75-95 Drill Sites

That, in brief, is the Turner Valley picture today. Within the current proved limits there are from 75 to 95 sites undrilled. Of these between 35 and 40 are held by companies and individuals other than Home Oil Co. and Imperial Oil and its associated and controlled companies. Still unknown, however, are (1) the southern limit of production on the south west flank; (2) the exact northern, eastern and western limits in the north extension; and (3) the prospects of the Devonian limestone.

If the current decline in Turner Valley production is to be halted, the number of drilling wells will have to be substantially increased. Currently proved sites must be drilled out at an accelerated rate, and new production provided to offset the current decline.

To secure a step up in drilling, the following have been suggested:

1. An increase in the price of crude oil to the "true competitive level," believed to be between 30 and 50 cents per barrel above existing prices.
2. Reduction in drilling costs, now some 40% higher than across the border, largely because of customs duties, war tax, exchange, etc.
3. An easing of the present tax burden, particularly on the smaller oil companies and the investing public.

Base Metals Help Canada Northern

Increased Activity Helps Offset Power Load Loss to Gold Mines

From Our Own Correspondent

MONTREAL.—Urgent demand for zinc, copper and other base metals is speeding up preparations for increased production in the northern Quebec section of the territory served by Canada Northern Power Corp., according to B. V. Harrison, vice-president and general manager.

The mill on the Golden Manitou property in Bourlamaque township has been placed in operation and the power demand there has risen to more than 1,000 h.p.

Another mine which has joined the ranks of producers during the past quarter is Micmac Mines in Bousquet township, the mill having commenced operation in July.

Help to Maintain Load

There also has been an appreciable revival of interest, Mr. Harrison reports, in the production of cobalt in the Cobalt camp, where a number of small scale operations have been reopened.

These developments, he continues, have in large measure offset the curtailment in operations at some of the gold mines which are having difficulty in maintaining their labor forces.

Moneta Porcupine Mines, it is reported, has developed no new ore this year but has extended the life of the mine some months by extensions found as workings are cleared up. In the last annual report, it was indicated December, 1942, would see the end of the life of the mine.

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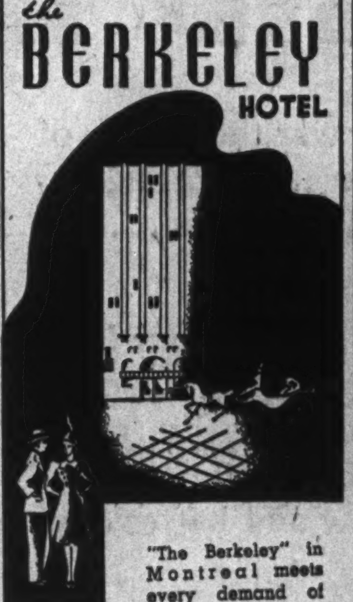
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